

# ANNUAL REPORT

# 2006



ILLINOIS STATE BOARD OF INVESTMENT

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**BOARD  
MEMBERS**

**CHAIRMAN**

**Michael Goetz**

*Appointed Member*

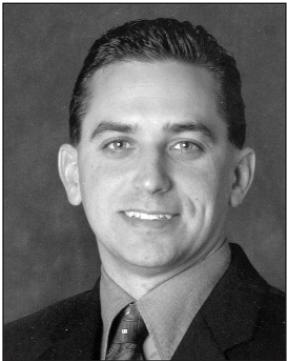


Michael Goetz

**VICE CHAIRMAN**

**Gordon John Mazzotti**

*Chairman, Board of Trustees  
State Employees' Retirement  
System*



Guy W. Alongi



James Buchanan

**RECORDING SECRETARY**

**Justice Thomas E. Hoffman**

*Chairman, Board of Trustees  
Judges' Retirement System of  
Illinois*

**Guy W. Alongi**

*Appointed Member*

**James Buchanan**

*Appointed Member*

**Allison S. Davis**

*Appointed Member*

**Representative Kurt M.  
Granberg**

*Chairman, Board of Trustees  
General Assembly Retirement  
System*

**Ronald E. Powell**

*Appointed Member*

**Judy Baar Topinka**

*Treasurer, State of Illinois*

**EXECUTIVE COMMITTEE**

**Michael Goetz**

*Chairman*

**Gordon John Mazzotti**

*Vice Chairman*

**Thomas E. Hoffman**

*Recording Secretary*

**Allison S. Davis**

*Member at Large*



Allison S. Davis



Kurt M. Granberg

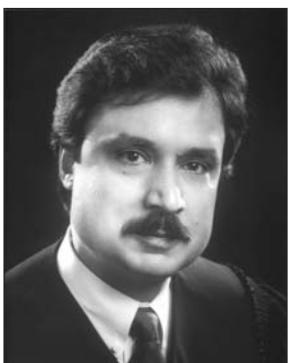
**AUDIT & COMPLIANCE  
COMMITTEE**

**Guy W. Alongi**

**Kurt M. Granberg**

**Thomas E. Hoffman**

**Gordon John Mazzotti**



Thomas E. Hoffman



Gordon John Mazzotti

**INVESTMENT POLICY  
COMMITTEE**

**Guy W. Alongi**

**Allison S. Davis**

**Michael Goetz**

**Gordon John Mazzotti**

**Ronald E. Powell**



Ronald E. Powell



Judy Baar Topinka

The General Assembly Retirement System  
 The Judges' Retirement System of Illinois  
 The State Employees' Retirement System of Illinois

The Illinois State Board of Investment (ISBI or Board) has fiduciary responsibility for the pension assets of the General Assembly Retirement System, the Judges' Retirement System of Illinois and the State Employees' Retirement System of Illinois. ISBI's net assets totaled \$ 11.3 billion at fair value at fiscal year ended June 30, 2006. For the same period ending June 30, 2005, those assets totaled \$ 10.9 billion. While ISBI's assets benefited from an 11.0% return, portfolio growth was markedly reduced by transfers out to pay participant benefits.

#### **Investment Policy**

Most of the new activity in fiscal year 2006 took place in the illiquid asset classes. Two core separate account real estate relationships of \$300 million each were established, and \$180 million was committed to six enhanced/high return real estate funds. Four long/short hedge fund of fund managers were selected with allocations of \$100 million apiece. Private equity allocations totaling \$115 million were made to four funds during the fiscal year.

During fiscal 2006, public market searches led to the addition of four new relationships, and the termination of two.

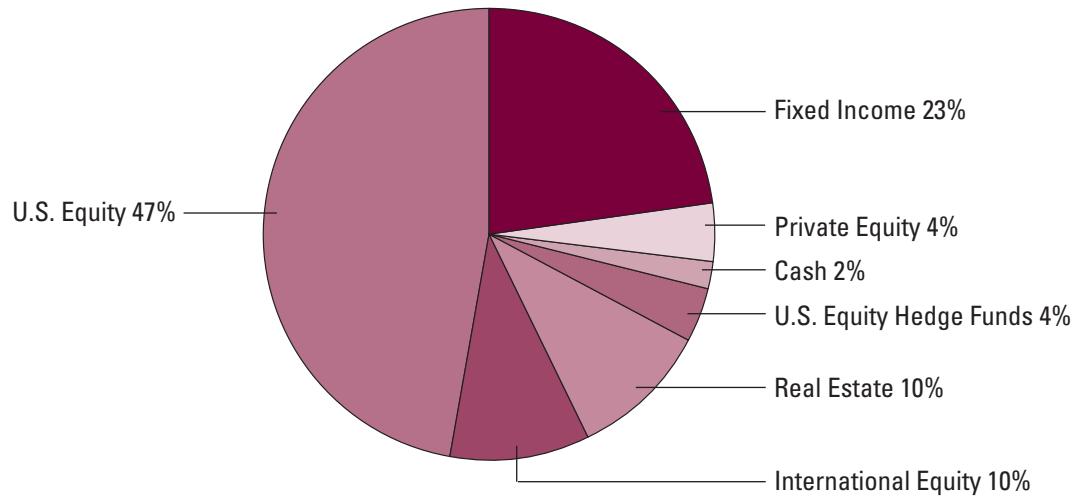
*Figure 1*  
*Asset Allocation June 30, 2006*

(\$ in Millions)	Fair Value	Actual Asset Mix		Policy Target
	\$	%	%	
U.S. Equity	5,370.2	<b>47</b>	<b>45</b>	
U.S. Equity Hedge Funds	416.5	<b>4</b>	<b>5</b>	
International Equity	1,113.2	<b>10</b>	<b>10</b>	
Fixed Income <sup>1</sup>	2,597.9	<b>23</b>	<b>25</b>	
Real Estate	1,134.0	<b>10</b>	<b>10</b>	
Private Equity <sup>2</sup>	482.3	<b>4</b>	<b>5</b>	
Cash <sup>3</sup>	202.4	<b>2</b>	<b>0</b>	
Total	11,316.5	<b>100</b>	<b>100</b>	

<sup>1</sup>Maturities of one year or longer, including convertible bonds.

<sup>2</sup>Interests in limited partnerships and other entities which have limited liquidity.

<sup>3</sup>Includes money market instruments and other assets, less liabilities.



### **Investment Results**

In fiscal year 2006, investors benefited from strong returns in all asset classes with the exception of fixed income. The ISBI total fund was up 11.0% for fiscal year 2006, net of expenses. This follows a 10.1%, 16.4% and 0.3% return for fiscal years 2005, 2004 and 2003, respectively, and a loss of (6.9)% for fiscal 2002. The long-term objective of the 8.5% assumed actuarial interest rate was surpassed, with the portfolio trailing the composite benchmark return by 0.5% in fiscal year 2006. The Board continues to be concerned by some under-performance by specific managers; the overall performance of the fund meets or beats the expectations as expressed in the 2003 asset allocation model. Figure 2 shows results over the three, five and ten year time periods.

### **U.S. Equities**

For the twelve months ended June 30, 2006, the Wilshire 5000 Index, a broad representation of the U.S. market, was up 10.0%. Value stocks substantially exceeded growth stocks, with the Russell 3000 Value Index up 12.3%, compared to the Russell 3000 Growth Index up 6.8%. Small capitalization stocks outperformed large capitalization stocks, with the Russell 2000 Index returning 14.6% compared with the S&P 500 Index at 8.6%. ISBI's U.S. equity portfolio was up 10.7% for the fiscal year, 0.7% above the Wilshire 5000 Index. The Board, through structure analysis, rebalancing and risk management, continues to achieve its objective of tracking the market with predictable consistency.

Figure 2 shows ISBI's U.S. stock portfolio performance for three, five and ten year time periods. The ten-year average annual return of 8.8% shows that even considering the losses in prior years, the U.S. stock market has rewarded the long-term investor.

*Figure 2*  
*Investment Returns June 30*

	2006	2005	2004	2003	2002	3 Yrs.	(Annualized) 5 Yrs.	10 Yrs.
<b>Total Fund</b>	%	%	%	%	%	%	%	%
Composite Benchmark*	<b>11.0</b>	<b>10.1</b>	<b>16.4</b>	<b>0.3</b>	<b>(6.9)</b>	<b>12.4</b>	<b>5.8</b>	<b>8.3</b>
Consumer Price Index	11.5	10.9	16.3	3.5	(7.3)	12.9	6.7	8.5
	4.2	2.5	3.3	2.1	1.1	3.3	2.6	2.6
<b>U.S. Equities</b>	<b>10.7</b>	<b>9.3</b>	<b>21.7</b>	<b>0.9</b>	<b>(14.6)</b>	<b>13.7</b>	<b>4.4</b>	<b>8.8</b>
Wilshire 5000 Index	10.0	8.4	21.2	1.3	(16.6)	13.1	4.1	8.5
<b>International Equities</b>	<b>28.9</b>	<b>14.8</b>	<b>29.8</b>	<b>(7.5)</b>	<b>(6.3)</b>	<b>24.2</b>	<b>10.7</b>	<b>7.9</b>
MSCI-EAFE Index	27.1	14.1	32.9	(6.1)	(9.2)	24.4	10.4	6.8
<b>Fixed Income</b>	<b>0.8</b>	<b>6.9</b>	<b>0.7</b>	<b>8.3</b>	<b>5.5</b>	<b>2.8</b>	<b>4.4</b>	<b>5.9</b>
Lehman U.S. Universal Bond Index	(0.3)	7.4	1.0	11.5	7.7	2.7	5.4	6.4
<b>Real Estate</b>	<b>19.5</b>	<b>14.8</b>	<b>9.1</b>	<b>2.2</b>	<b>11.5</b>	<b>14.4</b>	<b>11.3</b>	<b>11.1</b>
NCRIEF Real Estate Index	18.7	15.6	9.7	5.2	5.9	15.8	12.0	12.4
<b>Private Equity</b>	<b>21.3</b>	<b>29.6</b>	<b>16.9</b>	<b>(4.9)</b>	<b>(18.4)</b>	<b>20.8</b>	<b>6.5</b>	<b>16.0</b>

\* Composite Benchmark:

Effective 12/03: 45% Wilshire 5000; 10% MSCI-EAFE; 25% Lehman Universal; 10% NCRIEF; 5% Venture Economic all Private Equity Index; 5% HFR Equity Hedged Index.

Effective 4/02: 46% Russell 3000; 15% MS-AC Free ex US; 23% Lehman Universal; 8% NCRIEF; 8% Russel 2000 + 3.0%

Prior to 4/02: 43% Russell 3000; 20% MS-AC Free ex US; 22% Lehman Aggregate; 7% NCRIEF; 8% absolute return of 12%.

### International Equities

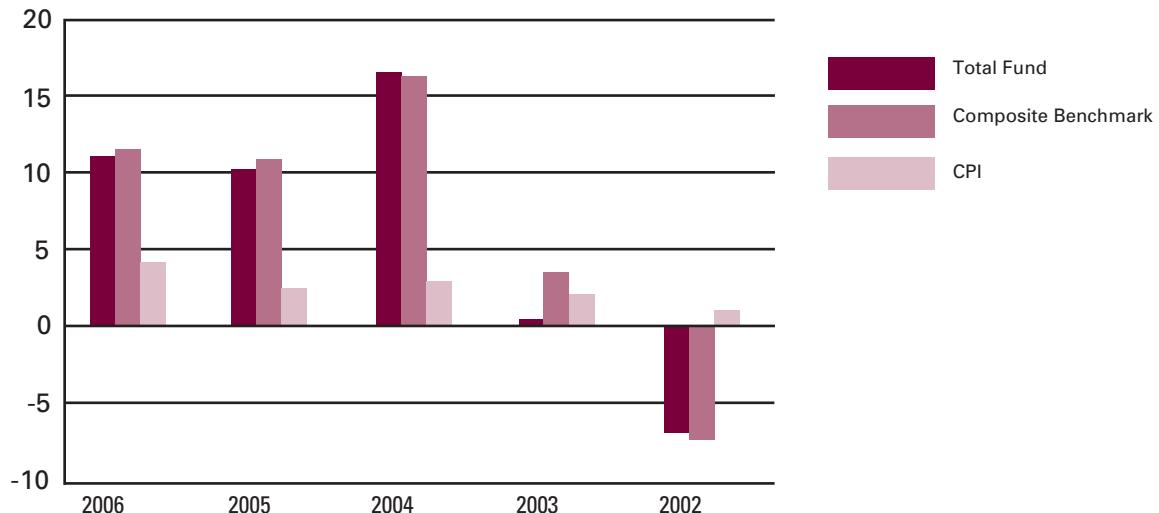
The Morgan Stanley EAFE Index returned 27.1% for the fiscal year; approximately 17 percentage points above the U.S. return. As a result, international markets were the strongest performing asset class in fiscal year 2006. Further, ISBI's international equity portfolio was up 28.9%, exceeding the benchmark for the fiscal year by 1.8%. As with the U.S. equity portfolio, the Board has the twin objectives of limiting tracking error relative to the benchmark and adding value with active management. The returns for longer time periods are shown in Figure 2.

### Fixed Income

The ISBI fixed income portfolio had a positive return of 0.8% for the fiscal year compared to the Lehman U.S. Universal Bond Index which returned (0.3)% for the year. The Board believes

### *% Investment Returns June 30*

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that the structure adopted in December 2003 will minimize negative surprises, such as those experienced in the past, and result in more predictable fixed income returns. Figure 2 shows the long-term results for fixed income.

#### **Real Estate**

ISBI's real estate portfolio earned a 19.5% return. The NCREIF Real Estate Index, a measure of core, operating, non-leveraged real estate, earned 18.7%. Prior to the 2003 asset allocation model, the Board's real estate policy was to exploit higher risk, higher return value-added or opportunistic strategies. However, over the last three years the Board has increased the real estate strategic allocation from 5% to 10% of the total fund with the new allocation targeting 70% of its real estate to core, income producing real estate, with the balance in higher return strategies. ISBI's real estate portfolio is invested primarily through interests in limited partnerships, trusts, and other forms of pooled investments. ISBI is in the process of converting a sizable portion of its real estate portfolio to separate account structures. Long-term results for real estate are shown in Figure 2.

#### **Private Equity**

ISBI's private equity portfolio provided a return of 21.3% for the fiscal year. The private equity portfolio consists of interests in limited partnerships and other commingled vehicles that invest in venture capital, management buyouts, and other private placement equity strategy activities. In spite of the setbacks during previous years, long-term results, detailed in Figure 2, show that private equity remains the best performing asset class for the ten-year period ended June 30, 2006.

### **Management Expenses**

The resulting expense ratio (expenses divided by average fair value of assets) was .26% for fiscal year 2006, as compared to .23% for fiscal year 2005. Total expenses for fiscal year 2006, based on \$11.3 billion in total assets were \$30.1 million, compared to \$24.5 million based on \$10.9 billion in total assets for fiscal year 2005. Increased expenses in fiscal 2006 were mainly a result of the utilization of hedged funds of funds, with sizable management fees, and the increased use of active managers, as opposed to passive managers, in fiscal year 2005.

### **Minority/Female Participation**

Just as ISBI's money managers seek prudent diversification within its portfolios, the Board continues to seek an appropriate level of diversity among the investment professionals charged with meeting the Board's mission. Towards those ends, ISBI has adopted policies regarding utilization of minority and female owned brokers, minority and female owned money managers, and emerging managers. As of April 2006 ISBI had achieved it's minimum goal of 5% of the total portfolio being managed by emerging minority managers.

In FY 2006, 41% of ISBI's domestic equity trades were executed through minority/female owned brokers, 29% of fixed income par value trades were executed with minority/female owned brokers, and 23% of the total Plan assets were managed by minority/female owned investment advisors, and 5.12% of assets were managed by emerging managers.

### **Additional Comments**

During the year the Board welcomed new member Michael Goetz, appointed by Governor Blagojevich. At the Board's annual meeting in September of 2005 the Board re-elected Edward M. Smith as Chairman. However, Chairman Smith submitted his resignation from ISBI effective December 31, 2005. In March of 2006, at its regularly scheduled meeting, the Board elected Michael Goetz as its new Chairman.

In October 2006, James Buchanan was appointed by Governor Blagojevich to the Board.

Our sincerest appreciation is extended to the Directors and all the Staff, for their cooperation and diligence during the fiscal year.

The following sections of the report present detailed financial statements and supplemental financial information on a basis consistent with past reports.

Respectfully submitted February 2, 2007



Michael Goetz

Michael Goetz, Chairman



William R. Atwood

William R. Atwood, Executive Director

## FINANCIAL HIGHLIGHTS

FISCAL YEARS ENDED JUNE 30

	(\$ in millions)		
	2006	2005	Change
<b>Net Assets (at fair value)</b>	\$ 11,316.5	\$ 10,902.5	\$ 414.0
Retirement Systems' participation			
General Assembly	79.0	80.8	(1.8)
Judges'	582.6	550.4	32.2
State Employees'	10,654.9	10,271.3	383.6
 <b>Net Investment income</b>	 1,173.0	 1,007.4	 165.6
Interest and dividends	306.2	262.1	44.1
Net securities lending income	4.3	3.7	0.6
Net gain on investments	892.6	766.1	126.5
Management expenses	(30.1)	(24.5)	5.6
 Member Systems' contributions (withdrawals)	 (759.0)	 (547.7)	 211.3
 Annual total return*	 %	 %	 %
Management expenses as a percentage of average net assets**	11.0	10.1	0.9
	0.26	0.23	0.03

\*Annual total return reflects income earned and market appreciation (depreciation).

\*\*Quarterly market values are utilized in calculating average figures.

**TEN YEAR  
SUMMARY**  
FISCAL YEARS ENDED JUNE 30

	2006	2005	2004	2003	2002	2001	2000	1999	(\$ in millions)	
	\$	\$	\$	\$	\$	\$	\$	\$	1998	1997
<b>NET ASSETS</b> (at fair value)	11,316.5	10,902.5	10,442.7	7,801.0	7,928.3	8,578.1	9,270.3	8,309.0	7,379.9	6,328.1
<b>Retirement Systems' participation</b>										
General Assembly	79.0	80.8	81.3	47.4	52.2	60.5	68.9	65.3	61.2	54.7
Judges'	582.6	550.4	521.4	317.5	332.4	372.6	414.8	382.2	349.6	307.9
State Employees'	10,654.9	10,271.3	9,840.0	7,436.1	7,543.7	8,145.0	8,786.6	7,861.5	6,969.1	5,965.5
<b>CHANGES IN NET ASSETS</b>										
Net investment income	1,173.0	1,007.4	1,506.8	12.7	(577.9)	(652.3)	977.0	955.2	1,140.1	1,007.7
Interest and dividends	306.2	262.1	184.4	186.8	213.4	244.4	227.6	227.9	249.1	238.9
Net securities lending income	4.3	3.7	2.4	1.9	2.3	3.6	3.7	2.2	3.2	2.1
Net gain (loss) on investments	892.6	766.1	1,337.9	(159.2)	(775.0)	(879.7)	766.4	741.0	902.9	780.9
Management expenses	(30.1)	(24.5)	(17.9)	(16.8)	(18.6)	(20.6)	(20.7)	(15.9)	(15.1)	(14.2)
Member Systems' net contributions (withdrawals)	(759.0)	(547.7)	1,134.9	(140.0)	(71.9)	(39.9)	(15.7)	(26.1)	(88.3)	(116.4)
<b>RETURNS</b>	%	%	%	%	%	%	%	%	%	%
Annual total return*	11.0	10.1	16.4	0.3	(6.9)	(7.1)	11.8	12.9	18.1	18.8
Compound annual rate of return since 7-1-82										
(Adoption of Prudent Person Legislation)	10.7	10.7	10.8	10.5	11.1	12.1	13.2	13.3	13.4	13.0

\* Annual total return reflects income earned and market appreciation (depreciation).

## INDEPENDENT AUDITORS' REPORT



**KPMG LLP**  
303 East Wacker Drive  
Chicago, IL 60601-5212

Honorable William G. Holland  
Auditor General  
State of Illinois

Board of Directors  
Illinois State Board of Investment

As Special Assistant Auditors for the Auditor General, we have audited the accompanying statements of net assets of the Illinois State Board of Investment (Board), an internal investment pool of the State of Illinois, as of June 30, 2006 and 2005, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Illinois State Board of Investment as of June 30, 2006 and 2005, and the changes in its net assets for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2007 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 12 through 13 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our 2006 audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial information listed in the table of contents as supplemental financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2006 basic financial statements taken as a whole.

Chicago, Illinois  
February 2, 2007

*KPMG LLP*

KPMG LLP, a U.S. limited liability partnership, is the U.S.  
member firm of KPMG International, a Swiss cooperative.

# **FINANCIAL STATEMENTS 2006**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) provides an introduction and overview of the Illinois State Board of Investment (ISBI or Board) financial activities for the fiscal years ended June 30, 2006 and 2005.

### **Financial Highlights**

The net assets of the Board totaled approximately \$11.3 billion at fiscal year ended June 30, 2006, compared to \$10.9 billion at fiscal year ended June 30, 2005. The increase is a result of strong investment returns, but was tempered by member systems' withdrawals.

### **Overview of the Financial Statements**

The Board's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and are comprised of the Statement of Net Assets, the Statement of Changes in Net Assets and Notes to Financial Statements.

The Statements of Net Assets presents information on the Board's assets and liabilities and the resulting net assets. This statement also reflects the Board's investments, at fair value, along with the cash and short-term investments, receivables and other assets and liabilities.

The increase in investments at June 30, 2006 is primarily a result of an investment gain of 11.0% for the fiscal year, net of expenses, offset by an increase in member systems' withdrawals, which are shown in the Statement of Changes in Net Assets. The gain

reflects improvement in market environments, in particular real estate, private equity investments, international equity and fixed income. Distributions received from private equity and real estate partnerships resulted in an increase in the cash for fiscal year 2006. The increase in liabilities for fiscal 2006 compared with 2005 consisted mainly of security lending collateral obligations.

The increase in investments at June 30, 2005 was primarily a result of an investment gain of 10.1% for the fiscal year, net of expenses, offset by an increase in member systems' withdrawals, which are shown in the Statement of Changes in Net Assets. The gain reflected a significant improvement in market environments, in particular real estate, alternative investments and both the U.S. and international equity markets. Distributions received from private equity and real estate partnerships resulted in an increase in the cash for fiscal year 2005. The increase in liabilities for fiscal 2005 compared with 2004 consisted mainly of unsettled investment purchases.

The Statements of Changes in Net Assets presents information regarding changes during the fiscal years ended June 30, 2006, 2005 and 2004. This statement reflects additions, which include the investment income derived from realized and unrealized gains, member system contributions, and income received from securities lending activities. Also reflected in the statement are deductions, which include withdrawals from the member systems and operating expenses of the Board.

### **Condensed Summary of Net Assets**

	June 30			2006/2005 Change	2005/2004 Change
	2006	2005	2004	\$	\$
Cash	80,644,137	13,722,061	89,858	66,922,076	13,632,203
Receivables	184,529,093	294,208,301	188,503,767	(109,679,208)	105,704,534
Investments	11,434,818,360	10,959,676,010	10,663,805,594	475,142,350	295,870,416
Securities lending collateral	1,530,783,382	1,444,871,284	1,172,847,123	85,912,098	272,024,161
Capital assets	45,348	41,772	45,819	3,576	(4,047)
Prepaid expenses	18,984	0	0	18,984	0
Total assets	13,230,839,304	12,712,519,428	12,025,292,161	518,319,876	687,227,267
Liabilities	1,914,354,450	1,810,039,761	1,582,553,607	104,314,689	227,486,154
Total net assets	<u>11,316,484,854</u>	<u>10,902,479,667</u>	<u>10,442,738,554</u>	<u>414,005,187</u>	<u>459,741,113</u>

The net investment gains of the ISBI fund were the result of a positive movement in the securities markets. Member system withdrawals continued to increase. Fiscal year 2006 withdrawals were \$759 million compared with \$547.7 million in fiscal year 2005 and \$420 million in fiscal year 2004. Withdrawals are determined by the member retirement systems based on the State's funding and the systems' benefit payment needs. Operating expenses increased in fiscal year 2006 over 2005 by \$5.6 million, mainly due to the use of hedged fund of funds, with sizeable management fees, and the increased use of active managers, as opposed to passive managers, in fiscal year 2005.

The net investment gains of the ISBI fund in fiscal year 2005 were the result of a positive movement in the securities markets. There was a substantial increase in withdrawals by the member systems. Fiscal year 2005 withdrawals were \$547.7 million compared with \$420 million in fiscal year 2004. The increase in expenses for fiscal year 2005 versus 2004 was mainly a result of increased investment management fees due to additional assets under management as well as a change to active investment management from passive index funds.

The Notes to the Financial Statements provide additional information, which is necessary to fully understand the data, provided in the financial statements.

During fiscal year 2005, the Board continued to implement changes as a result of the asset allocation study. Asset allocation targets are reflected in Figure 1 of the Letter to Trustees. The structure changes resulting from this review began in fiscal year 2004 and continued during fiscal year 2005. As a result of these changes ISBI increased utilization of minority and female owned brokers, minority and female owned money managers and emerging managers. As of April 2006, ISBI had achieved a minimum goal of 5% of the total portfolio being managed by emerging minority managers.

### **Legislative Changes**

On June 1, 2005, Public Act 94-0004 was enacted addressing the early retirement option, benefit changes and funding reductions. The legislation includes funding reductions of approximately \$496.4 million and \$429.4 million in fiscal years 2006 and 2007, respectively, for employer contributions to the State Employees', Judges' and General Assembly Retirement Systems. This resulted in an increase in member systems' withdrawals in fiscal year 2006 to meet their respective funding requirements for benefit obligations.

### **Condensed Summary of Changes in Net Assets**

	Fiscal Years Ended June 30			2006/2005	2005/2004
	2006	2005	2004	Change	Change
	\$	\$	\$	\$	\$
<b>Additions:</b>					
Net investment income	1,203,147,819	1,031,923,322	1,524,698,140	171,224,497	(492,774,818)
Member systems' contributions	0	0	1,554,924,744	0	(1,554,924,744)
Total additions	<u>1,203,147,819</u>	<u>1,031,923,322</u>	<u>3,079,622,884</u>	<u>171,224,497</u>	<u>(2,047,699,562)</u>
<b>Deductions:</b>					
Member systems' withdrawals	759,000,000	547,700,000	420,000,000	211,300,000	127,700,000
Administrative expenses	30,142,632	24,482,209	17,905,540	5,660,423	6,576,669
Total deductions	<u>789,142,632</u>	<u>572,182,209</u>	<u>437,905,540</u>	<u>216,960,423</u>	<u>134,276,669</u>
Net increase in net assets	<u>414,005,187</u>	<u>459,741,113</u>	<u>2,641,717,344</u>	<u>(45,735,926)</u>	<u>(2,181,976,231)</u>

**STATEMENTS  
OF NET ASSETS**

JUNE 30, 2006 AND 2005

	2006	2005
	\$	\$
<b>ASSETS</b>		
Cash	<u>80,644,137</u>	<u>13,722,061</u>
Receivables:		
Foreign taxes	775,140	863,925
Account receivables	757,957	690,481
Investments sold	146,174,012	257,790,471
Interest & dividends	36,821,984	34,863,424
Total receivables	<u>184,529,093</u>	<u>294,208,301</u>
Prepaid Expenses	<u>18,984</u>	<u>0</u>
Capital assets	<u>45,348</u>	<u>41,772</u>
Investments at fair value:		
Government and agency obligations	1,110,919,988	1,130,079,107
Foreign obligations	104,455,671	88,970,486
Corporate obligations	1,382,574,163	1,643,935,794
Convertible bonds	0	1,404,244
Common stock & equity funds	5,369,124,032	5,529,033,328
Preferred stock	1,057,334	1,593,391
Foreign equity securities	1,113,268,102	1,035,874,373
Hedge funds	416,462,183	0
Real estate investments	1,134,025,154	778,951,123
Private Equity	482,264,036	466,871,030
Money market instruments	320,641,552	283,461,008
Forward foreign currency contracts	26,145	(497,874)
Total investments	<u>11,434,818,360</u>	<u>10,959,676,010</u>
Securities lending collateral	<u>1,530,783,382</u>	<u>1,444,871,284</u>
Total assets	<u>13,230,839,304</u>	<u>12,712,519,428</u>
<b>LIABILITIES</b>		
Payables:		
Investments purchased	376,678,007	359,224,216
Operating expenses	6,893,061	5,944,261
Securities lending cash collateral obligation	<u>1,530,783,382</u>	<u>1,444,871,284</u>
Total liabilities	<u>1,914,354,450</u>	<u>1,810,039,761</u>
Net assets	<u>11,316,484,854</u>	<u>10,902,479,667</u>

*See notes to financial statements, pages 16-26.*

## STATEMENTS OF CHANGES IN NET ASSETS

FISCAL YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
	\$	\$
<b>ADDITIONS</b>		
Investment income		
Net increase in fair value of investments	892,599,986	766,090,763
Interest	183,047,403	142,444,438
Dividends	123,178,718	119,713,292
Securities lending income	64,090,764	27,969,384
Less securities lending rebates	(58,968,999)	(23,504,790)
Less securities lending expenses	(800,053)	(789,765)
Total net investment income	<u>1,203,147,819</u>	<u>1,031,923,322</u>
Member systems' contributions	0	0
Total additions	<u>1,203,147,819</u>	<u>1,031,923,322</u>
<b>DEDUCTIONS</b>		
Expenses:		
Salaries and benefits:		
Salaries	863,802	767,248
Benefits	309,578	315,097
Operating expenses:		
Rent and utilities	160,139	156,066
Audit	105,450	100,650
Other	147,616	118,101
External support:		
Custody	224,730	197,857
Consulting and professional	739,748	647,218
Investment advisors/managers	27,434,504	22,010,299
Investment services and research	157,065	169,673
Total expenses	<u>30,142,632</u>	<u>24,482,209</u>
Member systems' withdrawals	759,000,000	547,700,000
Total deductions	<u>789,142,632</u>	<u>572,182,209</u>
Increase in net assets	414,005,187	459,741,113
Net assets at beginning of year	10,902,479,667	10,442,738,554
Net assets at end of year	<u>11,316,484,854</u>	<u>10,902,479,667</u>

*See notes to financial statements, pages 16-26.*

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005

### Note A Summary of Significant Accounting Policies

#### Reporting Entity

The Illinois State Board of Investment (ISBI or Board) is considered to be an internal investment pool of the State of Illinois, operating solely from investment income. The ISBI manages and invests the pension assets of three separate public employee retirement systems: General Assembly Retirement System, the Judges' Retirement System of Illinois, and State Employees' Retirement System of Illinois.

The assets of the member systems are accounted for in a single Commingled Fund. Separate information on each system's participation is presented in Note C.

#### Basis of Accounting

Accounting records are maintained on an accrual basis. Shares are allocated monthly to member systems based upon percentage of ownership. Management expenses are deducted monthly from income before distribution.

#### Valuation of Investments

Investments owned are reported at fair value as follows: (1) U.S. Government and Agency, Foreign and Corporate Obligations, Convertible Bonds – prices quoted by a major dealer in such securities; (2) Common Stock and Equity Funds, Convertible Preferred Stock, Preferred Stock, Foreign Equity Securities, Forward Foreign Currency Contracts and Options: (a) Listed – closing prices as reported on the composite summary of national securities exchanges; (b) Over-the-counter – bid prices; (3) Money Market Instruments – average cost which approximates fair values; (4) Real Estate Investments – fair values as determined by ISBI and its investment managers; and (5) Alternative (Private Equity and Hedge Funds) Investments – fair values as determined by ISBI and its investment managers.

#### Investment Transactions and Investment Income

Investment transactions are accounted for on a trade date (date order to buy or sell is executed) and dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis.

#### Custody and Investment Management Fees

Custody fees for the period July 1, 2004 through November 30, 2005 were computed quarterly with a base charge for all accounts. Subsequent to November 30, 2005, there were no base charges for custody fees.

Investment management fees for all accounts, except real estate and private equity, are computed quarterly as a percentage of each manager's portfolio market value. Management fees for real estate and alternative investments are not directly charged but are included in the investment income for these investments.

#### Risk Management

The ISBI, as part of the State, provides for risks of loss associated with workers' compensation and general liability through the State's self-insurance program. The ISBI obtains commercial insurance for fidelity and surety and property. There have been no commercial insurance claims in the past five years.

#### Risks and Uncertainties

ISBI invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets.

#### Use of Estimates

In preparing financial statements in conformity with U.S. generally accepted accounting principles, the Board makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of additions and deductions to net assets during the reporting period. Actual results could differ from those estimates and assumptions.

#### Reclassifications

Certain 2005 amounts have been reclassified to conform to the 2006 presentation. These reclassifications have not changed 2005 results.

**Note B**  
*Deposits, Investments, and Investment Risk Disclosures*

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**Deposits**

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, ISBI's deposits may not be returned. All non-investment related bank balances at year-end are insured or collateralized with securities held by the Illinois State Treasurer or agents in the name of the State Treasurer. Cash held in the investment related bank account is neither insured nor collateralized for amounts in excess of \$100,000. There is no related deposit policy for custodial risk. These assets are under the custody of State Street Bank and Trust. State Street Bank and Trust has a AA long-term Deposit/Debt rating by Standards & Poor and a Aa2 rating by Moody. Certain investments of ISBI with maturities of 90 days or less would be considered cash equivalents; these consist of short-term investment funds and U.S. Treasury bills with maturities of 90 days or less. For financial statement presentation and investment purposes, ISBI reports its cash equivalents as Money Market Instruments in the Statements of Net Assets.

	2006	2005
Carrying amounts at June 30		
Cash	<u>\$80,644,137</u>	<u>\$13,722,061</u>
Bank balances at June 30		
Total	<u>\$80,724,748</u>	<u>\$13,729,252</u>
Amount exposed to custodial credit risk	<u>\$80,566,513</u>	<u>\$13,501,974</u>

**Investment Policy**

ISBI's investment authority and responsibilities are specified in the Illinois Compiled Statutes, 40ILCS 5/22A. These statutes provide ISBI with the authority to manage and invest the assets of any Illinois pension or education fund.

As described in Note A, ISBI currently manages and invests the assets of the General Assembly Retirement System, Judges' Retirement System, and State Employees' Retirement System. All investments undertaken by ISBI are governed by 40ILCS 5 adopted by the General Assembly in 1982, and other standards codified in the above reference to the statutes.

40ILCS 5/1-109 requires all members of the Board and other fiduciaries to "...discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and: With the care, skill, prudence and diligence... By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses..."

**Investment Commitments**

Real estate and private equity investment portfolios consist of passive interests in limited partnerships. ISBI had outstanding commitments to these limited partnerships of approximately \$400 million and \$524 million, as of June 30, 2006 and 2005, respectively. Also, at the end of fiscal year 2006, the Board had an outstanding commitment of \$567 million to separate real estate accounts.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005 (CONTINUED)

### *Note B (continued) Deposits, Investments, and Investment Risk Disclosures*

#### **Investment Summary**

The following table presents a summary of the Fund's investments at fair value by type at June 30, 2006 and 2005:

	2006	2005
	\$	\$
Government and agency obligations	1,110,919,988	1,130,079,107
Foreign obligations	104,455,671	88,970,486
Corporate obligations	1,382,574,163	1,643,935,794
Convertible bonds	0	1,404,244
Common stock & equity funds	5,369,124,032	5,529,033,328
Preferred stock	1,057,334	1,593,391
Foreign equity securities	1,113,268,102	1,035,874,373
Hedge Funds	416,462,183	0
Real estate investments	1,134,025,154	778,951,123
Private Equity	482,264,036	466,871,030
Money market instruments	320,641,552	283,461,008
Forward foreign currency contracts	26,145	(497,874)
Total investments	<u>11,434,818,360</u>	<u>10,959,676,010</u>

#### **Custodial Credit Risk for Investments**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, ISBI will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. As of June 30, 2006 and 2005, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Board's name:

	2006	2005
	\$	\$
Common stock	7,540,275	2,283,261
Government and agency obligations	43,932,397	16,885,000
Corporate obligations	4,649,641	4,725,000
Total	<u>56,122,313</u>	<u>23,893,261</u>

*Note B (continued)*  
*Deposits, Investments, and Investment Risk Disclosures*

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**Concentration of Credit Risk and Credit Risk for Investments**

The portfolio is managed by professional investment management firms. These investment management firms are required to maintain diversified portfolios. Each investment manager must comply with risk management guidelines individually assigned to them as part of their investment

management agreement. The Board did not have any single issuer investment that exceeded 5% of the total net assets of the fund as of June 30, 2006 and 2005. The following table presents the quality ratings of debt securities held by ISBI as of June 30, 2006 and 2005:

	Moody's Quality Rating	2006	2005
		\$	\$
Government and agency obligations			
U.S. Government obligations	AAA	457,091,471	556,169,172
Federal agency obligations	AAA	651,140,066	570,050,982
Municipal	AAA	2,688,451	3,858,953
Total Government and agency obligations		<u>1,110,919,988</u>	<u>1,130,079,107</u>
Foreign obligations			
AAA	16,124,526	15,399,251	
AA	4,040,041	3,307,170	
A	16,276,367	3,845,152	
BAA	27,419,722	18,565,417	
BA	12,024,660	9,027,386	
B	19,290,811	4,172,675	
CAA	1,274,200	0	
Not rated		<u>8,005,344</u>	<u>34,653,435</u>
Total foreign obligations		<u>104,455,671</u>	<u>88,970,486</u>
Corporate obligations			
AAA	324,130,117	196,072,210	
AA	144,481,958	137,477,375	
A	148,904,618	165,820,135	
BAA	115,363,940	165,909,475	
BA	238,778,065	161,802,497	
B	274,358,266	269,923,855	
CAA	14,129,168	6,874,324	
CA	682,031	660,671	
C	461,236	0	
Not rated		<u>121,284,764</u>	<u>539,395,252</u>
Total corporate obligations		<u>1,382,574,163</u>	<u>1,643,935,794</u>
Convertible bonds			
AAA	0	1,111,744	
BAA	0	292,500	
Total convertible bonds		<u>0</u>	<u>1,404,244</u>

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005 (CONTINUED)

**Note B (continued)**  
**Deposits, Investments, and Investment Risk Disclosures**

### Interest Rate Risk

ISBI manages its exposure to fair value losses arising from interest rate risk by diversifying the debt securities portfolio and maintaining the debt securities portfolio to an effective weighted average rate between 80 and 120 percent of the benchmark index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the

present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. ISBI benchmarks its debt security portfolio to Lehman Brothers Aggregate. At June 30, 2006 the effective duration of the Lehman Brothers Aggregate was 3.6 years. At the same point in time, the effective duration of the ISBI debt security portfolio was 3.8 years. The effective duration of the ISBI portfolio at June 30, 2005 was 3.9 years.

Investment Type	2006		2005	
	Fair Value	Effective Weighted Duration Years	Fair Value	Effective Weighted Duration Years
Government & agency obligations	\$		\$	
U.S. Government	457,091,471	4.4	556,169,172	4.5
Federal Agency	651,140,066	3.3	570,050,982	2.8
Municipal	2,688,451	4.8	3,858,953	3.5
Foreign Obligations	104,455,671	5.1	88,970,486	6.1
Corporate Obligations				
Bank and Finance	306,124,824	3.4	309,725,184	2.5
Collateralized Mortgage Obligations	211,686,803	2.13	97,392,369	3.0
Industrials	580,581,651	4.7	655,888,086	4.8
Commingled	40,713,286	NA	341,540,499	NA
Other	243,467,599	5.5	239,389,656	3.97
Convertible Bonds	0	N/A	1,404,244	N/A
	<u>2,597,949,822</u>		<u>2,864,389,631</u>	

**Note B (continued)**  
**Deposits, Investments, and Investment Risk Disclosures**

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**Foreign Currency Risk**

The international portfolio is constructed on the principles of diversification, quality growth and value. Risk of loss arises from changes in currency exchange rates. International

managers may also engage in transactions to hedge currency at their discretion. The following table presents the foreign currency risk by type of investment as of June 30, 2006 and 2005:

	2006		2005	
	Foreign Equity Securities	Foreign Obligations	Foreign Equity Securities	Foreign Obligations
Australian Dollar	\$ 45,031,863	\$ 0	\$ 47,593,913	\$ 0
Canadian Dollar	27,309,690	0	32,554,284	0
Danish Krone	11,811,080	0	11,599,786	0
English Pound Sterling	208,671,160	0	202,953,950	0
Euro Currency	298,835,278	2,773,684	281,227,718	4,417,066
Hong Kong Dollar	48,639,162	0	44,843,103	0
Japanese Yen	272,057,458	0	228,925,686	4,569,663
Mexican Peso	0	147,648	0	2,573,969
New Zealand Dollar	767,645	2,205,864	519,315	2,741,363
Norwegian Krone	9,864,745	0	5,641,688	0
Singapore Dollar	9,200,224	0	9,859,570	0
South Korean Won	22,537,972	0	21,372,559	0
Swedish Krona	29,340,607	0	29,822,230	0
Swiss Franc	54,417,316	0	52,437,404	0
Foreign investments denominated in U.S. dollars	74,783,902	99,328,475	66,523,167	74,668,425
Total	<u>1,113,268,102</u>	<u>104,455,671</u>	<u>1,035,874,373</u>	<u>88,970,486</u>

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005 (CONTINUED)

### Note B (continued) Deposits, Investments, and Investment Risk Disclosures

#### Securities Lending

ISBI participates in a securities lending program with State Street who acts as securities lending agent. Securities are loaned to brokers and, in return, the Board has rights to a portion of a collateral pool. All of the securities are eligible for the securities lending program. Collateral consists solely of cash, letters of credit, commercial paper and government securities having a fair value equal to or exceeding 102% of the value of the loaned securities (105% for non-U.S. securities). In the event of borrower default, State Street provides ISBI with counterparty default indemnification. ISBI had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. As of June 30, 2006 and 2005, there were outstanding loaned investment securities having fair values of \$1,568,683,721 and \$1,442,715,435 respectively; against which collateral was received with a fair value of \$1,597,656,445 and \$1,476,263,962 respectively. Collateral received at June 30, 2006 and 2005 consisted of \$1,530,783,382 and \$1,444,871,284, respectively, in cash and \$66,873,063 and \$31,392,678, respectively, in securities for which the ISBI does not have the ability to pledge or sell.

#### Derivative Securities

Some of the ISBI managers invest in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as bond and stock prices, a market index, or commodity prices. ISBI's investments in derivatives are not leveraged. Obligations to purchase (long a financial future or a call option) are held in cash or cash equivalents. In the case of obligations to sell (short a financial future or a put option), the reference security is held in the portfolio. Derivatives transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that

a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. The Board and senior management approve these limits, and the risk positions of the investment managers are reviewed on a regular basis to monitor compliance with the limits.

During the year, derivative investments included forward foreign currency contracts, collateralized mortgage obligations (CMO's), futures and options. The remaining derivative securities are used to improve the yields or to hedge changes in interest rates.

Forward foreign currency contracts are used to hedge against the currency risk in ISBI's foreign stock and fixed income portfolios. Forward foreign currency contracts are agreements to buy or sell specific amounts of a foreign currency at a specified delivery or maturity date for an agreed upon price. As the fair value of the forward contracts varies, the Board records an unrealized gain or loss. Forward foreign currency contracts represent an off-balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The fair value of forward foreign currency contracts outstanding at June 30, 2006 and 2005, was as follows:

	Cost \$	Fair Value \$	Gain/Loss \$
June 30, 2006			
Forward currency purchases	3,956,106	4,008,201	52,095
Forward currency sales	7,860,622	7,886,572	(25,950)
Total gain (loss)			<u>26,145</u>
June 30, 2005			
Forward currency purchases	41,391,551	40,355,914	(1,035,637)
Forward currency sales	47,581,929	47,044,166	537,763
Total gain (loss)			<u>(497,874)</u>

*Note B (continued)*  
*Deposits, Investments, and Investment Risk Disclosures*

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ISBI also invests in mortgage-backed securities to maximize yields and to hedge against a rise in interest rates. These securities are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. As of June 30, 2006 and 2005, the fair value of the Board's CMO holdings totaled \$211,686,803 and \$97,392,369, respectively.

ISBI investment managers utilize financial futures to replicate an underlying security they desire to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Financial future contracts are also used to improve the yield or adjust the duration of the portfolio. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price. The fair values of the futures contracts vary from the original contract price, a gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off-balance sheet obligation, as there are no balance sheet

assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio.

The Board's investment managers utilize options in an effort to add value to the portfolio (collect premiums) or protect (hedge) a position in the portfolio. Options are agreements that give one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specific price (called the strike price) on or before a specified expiration date. As the writer of financial options, ISBI receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the instrument underlying the option. As the purchaser, ISBI pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

The following table shows the futures and options positions held by ISBI as of June 30, 2006 and 2005:

	2006		2005	
	Number of Contracts	Contract Principal*	Number of Contracts	Contract Principal*
		\$		\$
Equity futures purchased	2,667	190,210,548	847	141,009,225
Fixed income futures purchased	1,605	269,684,894	689	131,827,288
Fixed income futures sold	355	37,149,313	630	74,051,321
Fixed income written put options	71	7,100,000	158	15,800,000
Fixed income written call options	320	122,900,000	18,150,179	36,050,000
Eurocurrency purchased call options	23,550,000	23,550,000	0	0
Fixed income purchased call options	58	58,000,000	278	138,500,000
Fixed income purchased put options	0	0	131	77,000,000

\* Contract principal amounts shown represent the fair value of the underlying assets the contracts control. These are shown to present the volume of the transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk. Contract principal values also do not represent recorded values.

**NOTES TO FINANCIAL  
STATEMENTS**

JUNE 30, 2006 AND 2005 (CONTINUED)

<i>Note C</i> <i>Member Systems' Participation</i>	General Assembly	Judges'	State Employees'	Combined*
<b>Member Systems' Income and Expenses</b>				
<b>Fiscal Year Ended June 30, 2006</b>				
Interest and dividends	2,137,981	15,763,229	288,324,911	306,226,121
Net securities lending income	30,173	222,464	4,069,075	4,321,712
Net increase in fair value of investments	5,786,233	46,320,241	840,493,512	892,599,986
Management expenses	(210,447)	(1,551,615)	(28,380,570)	(30,142,632)
Net investment income	<u>7,743,940</u>	<u>60,754,319</u>	<u>1,104,506,928</u>	<u>1,173,005,187</u>
<b>Member Systems' Changes in Net Assets</b>				
<b>Fiscal Year Ended June 30, 2006</b>				
Net assets at beginning of year	80,772,801	550,350,071	10,271,356,795	10,902,479,667
Member systems' net (withdrawals)	(9,500,000)	(28,500,000)	(721,000,000)	(759,000,000)
Net investment income	<u>7,743,940</u>	<u>60,754,319</u>	<u>1,104,506,928</u>	<u>1,173,005,187</u>
Net assets at end of year	<u>79,016,741</u>	<u>582,604,390</u>	<u>10,654,863,723</u>	<u>11,316,484,854</u>

The source of net assets of the member systems since inception at June 30, 2006, is as follows:

Member systems' net (withdrawals)	(30,159,495)	(17,932,730)	(234,086,756)	(282,178,981)
Accumulated net investment income	<u>109,176,236</u>	<u>600,537,120</u>	<u>10,888,950,479</u>	<u>11,598,663,835</u>
Net assets at fair value	<u>79,016,741</u>	<u>582,604,390</u>	<u>10,654,863,723</u>	<u>11,316,484,854</u>

\* Combined column for the member systems is presented for information purposes only and does not indicate that the assets of one system may be used for another system.

<i>Note C Member Systems' Participation</i>	General Assembly	Judges'	State Employees'	Combined*
<b>Member Systems' Income and Expenses</b>				
<b>Fiscal Year Ended June 30, 2005</b>	\$	\$	\$	\$
Interest and dividends	1,972,498	13,156,830	247,028,402	262,157,730
Net securities lending income	27,650	184,428	3,462,751	3,674,829
Net increase in fair value of investments	5,768,602	38,466,043	721,856,118	766,090,763
Management expenses	(183,631)	(1,230,222)	(23,068,356)	(24,482,209)
Net investment income	<u>7,585,119</u>	<u>50,577,079</u>	<u>949,278,915</u>	<u>1,007,441,113</u>
<b>Member Systems' Changes in Net Assets</b>				
<b>Fiscal Year Ended June 30, 2005</b>				
Net assets at beginning of year	81,287,682	521,372,992	9,840,077,880	10,442,738,554
Member systems' net (withdrawals)	(8,100,000)	(21,600,000)	(518,000,000)	(547,700,000)
Net investment income	<u>7,585,119</u>	<u>50,577,079</u>	<u>949,278,915</u>	<u>1,007,441,113</u>
Net assets at end of year	<u>80,772,801</u>	<u>550,350,071</u>	<u>10,271,356,795</u>	<u>10,902,479,667</u>

The source of net assets of the member systems since inception at June 30, 2005, is as follows:

Member systems' net contributions (withdrawals)	(20,659,495)	10,567,270	486,913,244	476,821,019
Accumulated net investment income	<u>101,432,296</u>	<u>539,782,801</u>	<u>9,784,443,551</u>	<u>10,425,658,648</u>
Net assets at fair value	<u>80,772,801</u>	<u>550,350,071</u>	<u>10,271,356,795</u>	<u>10,902,479,667</u>

\* Combined column for the member systems is presented for information purposes only and does not indicate that the assets of one system may be used for another system.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005 (CONTINUED)

### Note D Pensions

#### Plan Description

All of the ISBI employees participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer, defined-benefit, public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal years 2006 and 2005 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR). The SERS also issues a separate CAFR that may be obtained by writing to the SERS, 2101 Veterans Parkway, Springfield, IL 62794-9255 or by calling 217/785-7202. The State of Illinois CAFR may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, IL 62704-1858 or by calling 217/782-2053.

A summary of SERS' benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established, are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute, and the authority under which those obligations are established.

#### Funding Policy

ISBI pays employer retirement contributions based upon an actuarially determined percentage of payroll. For fiscal years 2006 and 2005 the employer contribution rates were 7.792% and 16.107% respectively. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion of retirement for most State agencies with employees covered by the State Employees' and Teachers' Retirement

Systems. Generally, this "pickup" of employee retirement was part of the budget process and was, in part, a substitute for salary increases. The pickup is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies. Currently, State officers, judges, general assembly members, and State university employees are not eligible for the employee pickup.

#### Post-retirement Benefits

In addition to providing pension benefits, the State provides certain health, dental and life insurance benefits to annuitants who are former State employees. This includes annuitants of the ISBI. Substantially all State employees may become eligible for post-employment benefits if they eventually become annuitants. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to five thousand dollars per annuitant age 60 and older.

Currently, the State does not segregate payments made to annuitants from those made to current employees for health, dental and life insurance benefits. The cost of health, dental and life insurance benefits is recognized on a pay-as-you-go basis.

# **SUPPLEMENTAL FINANCIAL INFORMATION 2006**

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
\$	FIXED INCOME		%		\$	\$	%	
<b>Government &amp; Agency Obligations</b>								
U.S. Treasury								
4,048,000	UNITED STATES TREAS BDS		11.250	02/15/15	6,291,155	5,750,058	7.92	5.92
3,000,000	UNITED STATES TREAS BDS		9.250	02/15/16	4,006,992	3,916,406	7.09	6.66
8,230,000	UNITED STATES TREAS BDS		7.250	05/15/16	9,964,853	9,530,083	6.26	7.20
1,745,000	UNITED STATES TREAS BDS		6.250	08/15/23	1,933,608	1,924,953	5.67	10.66
520,000	UNITED STATES TREAS BDS		5.250	02/15/29	516,750	517,806	5.27	13.01
7,560,532	UNITED STATES TREAS BDS		3.880	04/15/29	9,345,090	9,356,159	3.14	7.94
100,000	UNITED STATES TREAS BDS		6.130	08/15/29	117,191	111,203	5.51	12.73
3,077,798	UNITED STATES TREAS BDS		2.380	01/15/25	3,058,947	2,995,083	2.45	7.30
182,689	UNITED STATES TREAS BDS		2.000	01/15/26	181,555	167,161	2.19	16.25
913,000	UNITED STATES TREAS BDS		4.500	02/15/36	818,654	818,848	5.02	15.35
34,700,000	UNITED STATES TREAS BDS STRP. PRN.		0.000	11/15/21	12,662,750	15,347,494	0.00	15.17
6,560,000	UNITED STATES TREAS NTS		4.500	11/15/15	6,448,767	6,249,425	4.72	7.48
9,300,000	UNITED STATES TREAS NTS		5.500	02/15/08	9,711,086	9,348,680	5.47	1.51
2,500,000	UNITED STATES TREAS NTS		4.750	11/15/08	2,587,012	2,477,539	4.79	2.21
3,635,000	UNITED STATES TREAS NTS		6.000	08/15/09	3,917,278	3,725,875	5.85	2.77
2,000,000	UNITED STATES TREAS NTS		6.500	02/15/10	2,201,875	2,090,156	6.22	3.14
1,500,000	UNITED STATES TREAS NTS		5.750	08/15/10	1,590,059	1,537,148	5.61	3.57
24,990,000	UNITED STATES TREAS NTS		5.000	02/15/11	25,358,021	24,929,477	5.01	4.01
2,500,000	UNITED STATES TREAS NTS		5.000	08/15/11	2,563,903	2,492,969	5.01	4.39
102,103	UNITED STATES TREAS NTS		3.380	01/15/12	120,508	106,905	3.23	2.48
7,170,000	UNITED STATES TREAS NTS		4.880	02/15/12	7,319,784	7,091,578	4.93	4.78
3,000,000	UNITED STATES TREAS NTS		3.250	08/15/07	2,943,867	2,934,609	3.32	1.07
4,500,000	UNITED STATES TREAS NTS		4.380	08/15/12	4,495,637	4,329,140	4.55	5.21
21,165,000	UNITED STATES TREAS NTS		3.000	11/15/07	20,933,080	20,548,239	3.09	1.32
8,550,000	UNITED STATES TREAS NTS		4.000	11/15/12	8,474,558	8,037,000	4.26	5.50
36,935,000	UNITED STATES TREAS NTS		3.880	02/15/13	35,806,663	34,389,950	4.17	5.65
15,200,000	UNITED STATES TREAS NTS		2.630	05/15/08	14,941,900	14,513,626	2.75	1.79
1,875,528	UNITED STATES TREAS NTS		1.880	07/15/13	1,856,393	1,801,679	1.96	3.21
1,000,000	UNITED STATES TREAS NTS		4.250	08/15/13	983,359	948,906	4.48	5.95
7,550,000	UNITED STATES TREAS NTS		3.130	09/15/08	7,304,223	7,235,023	3.27	2.08
2,000,000	UNITED STATES TREAS NTS		3.130	10/15/08	1,968,750	1,913,594	3.27	2.16
3,500,000	UNITED STATES TREAS NTS		3.380	11/15/08	3,489,063	3,363,008	3.52	2.24
3,500,000	UNITED STATES TREAS NTS		4.250	11/15/13	3,520,234	3,312,969	4.49	6.19
1,500,000	UNITED STATES TREAS NTS		3.250	01/15/09	1,480,313	1,433,438	3.40	2.36
9,100,000	UNITED STATES TREAS NTS		3.000	02/15/09	8,878,900	8,627,227	3.16	2.46
3,000,000	UNITED STATES TREAS NTS		4.000	02/15/14	2,876,016	2,787,188	4.31	6.35
3,000,000	UNITED STATES TREAS NTS		3.130	04/15/09	2,948,438	2,845,781	3.30	2.61
3,000,000	UNITED STATES TREAS NTS		4.000	06/15/09	3,056,484	2,908,125	4.13	2.74
2,896,122	UNITED STATES TREAS NTS		2.000	07/15/14	2,949,050	2,788,876	2.08	3.61
3,000,000	UNITED STATES TREAS NTS		3.500	08/15/09	2,923,906	2,861,484	3.67	2.87
26,700,000	UNITED STATES TREAS NTS		4.250	08/15/14	27,095,668	25,148,063	4.51	6.64
1,000,000	UNITED STATES TREAS NTS		3.380	09/15/09	987,344	949,063	3.56	2.96
3,000,000	UNITED STATES TREAS NTS		3.380	10/15/09	2,903,711	2,843,906	3.57	3.04
3,000,000	UNITED STATES TREAS NTS		3.500	11/15/09	2,992,408	2,851,641	3.68	3.12
5,380,000	UNITED STATES TREAS NTS		4.250	11/15/14	5,331,881	5,060,562	4.52	6.89
1,000,000	UNITED STATES TREAS NTS		3.500	12/15/09	970,469	949,687	3.69	3.20
9,400,000	UNITED STATES TREAS NTS		3.630	01/15/10	9,320,250	8,949,828	3.81	3.22
8,355,000	UNITED STATES TREAS NTS		3.500	02/15/10	8,073,886	7,913,752	3.70	3.31
5,300,000	UNITED STATES TREAS NTS		4.000	02/15/15	5,096,516	4,884,281	4.34	7.03
3,000,000	UNITED STATES TREAS NTS		4.000	03/15/10	2,976,328	2,889,375	4.15	3.35
5,400,000	UNITED STATES TREAS NTS		4.000	04/15/10	5,397,605	5,195,813	4.16	3.44
3,550,000	UNITED STATES TREAS NTS		3.750	05/15/08	3,517,395	3,460,141	3.85	1.77
2,500,000	UNITED STATES TREAS NTS		4.130	05/15/15	2,478,516	2,321,484	4.45	7.24
3,000,000	UNITED STATES TREAS NTS		3.880	07/15/10	2,999,531	2,868,047	4.06	3.61
4,163,313	UNITED STATES TREAS NTS		1.880	07/15/15	4,133,580	3,950,594	1.98	8.31
3,000,000	UNITED STATES TREAS NTS		3.880	07/31/07	2,994,288	2,956,641	3.94	1.03
1,500,000	UNITED STATES TREAS NTS		4.130	08/15/08	1,496,693	1,470,586	4.21	1.98
2,000,000	UNITED STATES TREAS NTS		4.130	08/15/10	1,991,248	1,928,438	4.28	3.68
4,765,000	UNITED STATES TREAS NTS		4.250	08/15/15	4,688,819	4,458,997	4.54	7.30
5,000,000	UNITED STATES TREAS NTS		4.000	08/31/07	5,016,406	4,929,297	4.06	1.11
2,390,000	UNITED STATES TREAS NTS		3.880	09/15/10	2,372,608	2,280,770	4.07	3.78
2,000,000	UNITED STATES TREAS NTS		4.000	09/30/07	1,996,387	1,970,156	4.06	1.19
2,000,000	UNITED STATES TREAS NTS		4.250	10/15/10	1,998,208	1,935,625	4.39	3.83
7,095,000	UNITED STATES TREAS NTS		4.380	11/15/08	7,083,841	6,973,609	4.46	2.22
5,160,000	UNITED STATES TREAS NTS		4.500	11/15/10	5,165,348	5,040,675	4.61	3.90
2,958,000	UNITED STATES TREAS NTS		4.250	11/30/07	2,952,151	2,918,945	4.31	1.35

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
\$	\$	FIXED INCOME (continued)	%	\$	\$	%		
U.S. Treasury (continued)								
10,100,000	UNITED STATES TREAS NTS	4.380	12/15/10	9,937,555	9,811,203	4.51	3.99	
2,000,000	UNITED STATES TREAS NTS	4.380	12/31/07	1,998,890	1,976,250	4.43	1.43	
1,500,000	UNITED STATES TREAS NTS	4.250	01/15/11	1,491,994	1,448,437	4.40	3.99	
3,000,000	UNITED STATES TREAS NTS	4.380	01/31/08	2,993,390	2,962,500	4.44	1.49	
6,290,000	UNITED STATES TREAS NTS	4.500	02/15/09	6,259,041	6,190,736	4.57	2.41	
6,540,000	UNITED STATES TREAS NTS	4.500	02/15/16	6,267,840	6,223,219	4.73	7.55	
9,400,000	UNITED STATES TREAS NTS	4.500	02/28/11	9,189,258	9,166,468	4.61	4.09	
10,500,000	UNITED STATES TREAS NTS	4.630	02/29/08	10,475,581	10,404,024	4.67	1.56	
4,000,000	UNITED STATES TREAS NTS	4.630	03/31/08	3,992,074	3,962,187	4.67	1.64	
13,515,000	UNITED STATES TREAS NTS	4.880	04/30/08	13,441,297	13,441,089	4.91	1.72	
1,200,000	UNITED STATES TREAS NTS	4.880	04/30/11	1,197,328	1,187,812	4.93	4.22	
4,500,000	UNITED STATES TREAS NTS	4.880	05/15/09	4,485,127	4,469,765	4.91	2.63	
2,500,000	UNITED STATES TREAS NTS	5.130	05/15/16	2,497,096	2,497,265	5.14	7.64	
21,325,000	UNITED STATES TREAS NTS	4.880	05/31/08	21,224,968	21,205,047	4.91	1.80	
2,000,000	UNITED STATES TREAS NTS	4.880	05/31/11	1,993,865	1,980,000	4.93	4.30	
2,000,000	UNITED STATES TREAS NTS	5.130	06/30/11	1,993,209	2,002,500	5.12	4.36	
3,000,000	UNITED STATES TREAS NTS	5.130	06/30/08	2,993,585	2,998,125	5.13	1.88	
Total U.S. Treasury				<u>467,009,855</u>	<u>457,091,471</u>			
Federal Agency & Other Governments								
250,000	ARAB REP EGYPT	4.450	09/15/15	246,783	231,410	4.81	7.29	
200,000	CANADA MTG & HSG CORP	3.880	04/01/10	199,748	189,926	4.09	3.39	
4,300,000	FED. FARM CREDIT BANKS	4.130	2009	4,213,531	4,146,944	4.28	2.60	
3,900,000	FED. FARM CREDIT BANKS	4.250	10/10/08	3,840,981	3,795,438	4.37	2.12	
2,000,000	FED. FARM CREDIT BANKS	4.880	12/16/15	1,981,220	1,891,827	5.16	7.44	
5,900,000	FED. HOME LOAN BANKS	2.630	07/15/08	5,734,203	5,586,941	2.78	1.92	
1,000,000	FED. HOME LOAN BANKS	3.000	04/15/09	963,120	939,928	3.19	2.61	
6,000,000	FED. HOME LOAN BANKS	3.630	2008	5,983,920	5,821,085	3.74	1.58	
2,000,000	FED. HOME LOAN BANKS	3.750	08/18/09	2,017,740	1,909,341	3.93	2.86	
2,500,000	FED. HOME LOAN BANKS	3.880	08/22/08	2,452,375	2,422,685	4.00	1.99	
6,800,000	FED. HOME LOAN BANKS	3.880	06/14/13	6,577,082	6,174,439	4.27	5.94	
5,400,000	FED. HOME LOAN BANKS	3.880	01/15/10	5,261,901	5,146,122	4.07	3.19	
8,050,000	FED. HOME LOAN BANKS	4.000	03/10/08	7,994,520	7,852,814	4.10	1.59	
2,000,000	FED. HOME LOAN BANKS	4.130	04/18/08	1,995,960	1,952,152	4.23	1.69	
500,000	FED. HOME LOAN BANKS	4.250	11/02/10	502,016	475,089	4.47	3.87	
1,500,000	FED. HOME LOAN BANKS	4.250	09/14/07	1,502,367	1,477,111	4.32	1.14	
7,900,000	FED. HOME LOAN BANKS	4.380	2010	7,817,284	7,596,302	4.56	3.42	
4,500,000	FED. HOME LOAN BANKS	4.500	11/15/12	4,547,835	4,269,198	4.74	5.41	
1,730,000	FED. HOME LOAN BANKS	4.630	02/18/11	1,726,661	1,676,025	4.78	4.04	
2,000,000	FED. HOME LOAN BANKS	4.630	2008	1,996,870	1,973,628	4.69	1.47	
300,000	FED. HOME LOAN BANKS	4.880	02/18/11	299,409	291,742	5.02	4.02	
1,000,000	FED. HOME LOAN BANKS	5.130	06/18/08	996,728	992,342	5.17	1.84	
1,500,000	FED. HOME LOAN BANKS	5.250	06/12/09	1,488,240	1,488,861	5.29	2.68	
300,000	FED. HOME LOAN BANKS	5.380	05/18/16	297,977	294,005	5.49	7.55	
1,435,000	FED. HOME LOAN BANKS	5.630	06/13/16	1,435,000	1,418,661	5.69	7.51	
900,000	FED. HOME LOAN BANKS	6.500	08/15/07	974,529	908,873	6.44	1.05	
2,175,000	FED. HOME LOAN BANKS	7.630	05/14/10	2,506,709	2,330,628	7.12	3.32	
5,600,000	FED. HOME LOAN MTGE	2.750	08/15/06	5,600,214	5,582,230	2.76	0.12	
5,700,000	FED. HOME LOAN MTGE	2.750	03/15/08	5,603,887	5,454,954	2.87	1.62	
7,300,000	FED. HOME LOAN MTGE	3.250	11/02/07	7,238,899	7,085,457	3.35	1.28	
2,100,000	FED. HOME LOAN MTGE	3.500	11/15/22	2,095,734	2,044,629	3.59	1.32	
3,000,000	FED. HOME LOAN MTGE	3.630	02/15/08	2,996,370	2,915,681	3.73	1.53	
1,500,000	FED. HOME LOAN MTGE	3.880	06/15/08	1,497,555	1,456,394	4.00	1.85	
3,500,000	FED. HOME LOAN MTGE	4.000	12/15/09	3,491,425	3,343,303	4.19	3.17	
28,016	FED. HOME LOAN MTGE	4.000	04/01/19	27,045	25,892	4.33	4.08	
3,338,000	FED. HOME LOAN MTGE	4.130	07/12/10	3,345,903	3,175,442	4.34	3.57	
5,000,000	FED. HOME LOAN MTGE	4.250	07/15/09	5,058,485	4,837,619	4.39	2.75	
7,530,000	FED. HOME LOAN MTGE	4.380	11/16/07	7,505,214	7,420,584	4.44	1.31	
1,726,916	FED. HOME LOAN MTGE	4.380	04/15/15	1,667,553	1,658,732	4.56	2.85	
740,101	FED. HOME LOAN MTGE	4.500	03/01/10	740,102	707,722	4.71	2.35	
7,100,000	FED. HOME LOAN MTGE	4.500	01/15/15	7,261,518	6,647,738	4.81	6.80	
1,949,529	FED. HOME LOAN MTGE	4.500	2018	1,934,711	1,847,060	4.75	3.63	
3,072,414	FED. HOME LOAN MTGE	4.500	2019	2,990,276	2,905,714	4.76	3.74	
3,206,638	FED. HOME LOAN MTGE	4.500	2020	3,162,114	3,032,656	4.76	3.95	
1,520,101	FED. HOME LOAN MTGE	4.500	01/01/21	1,478,774	1,434,299	4.77	4.15	
2,291,920	FED. HOME LOAN MTGE	4.500	04/15/33	2,299,083	2,160,791	4.77	4.70	
2,000,000	FED. HOME LOAN MTGE	4.630	2008	1,995,491	1,965,853	4.71	3.31	

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
\$	FIXED INCOME (continued)		%		\$	\$	%	
Federal Agency & Other Governments (continued)								
1,000,000	FED. HOME LOAN MTGE		4.630	07/28/10	997,450	968,380	4.78	2.10
1,000,000	FED. HOME LOAN MTGE		4.750	09/22/10	1,000,000	971,963	4.89	3.20
500,000	FED. HOME LOAN MTGE		4.750	01/19/16	496,650	471,129	5.04	7.37
4,409,000	FED. HOME LOAN MTGE		4.880	02/17/09	4,400,799	4,348,354	4.95	2.39
1,000,000	FED. HOME LOAN MTGE		4.900	11/03/08	999,000	988,869	4.96	1.85
500,000	FED. HOME LOAN MTGE		5.000	01/28/08	500,000	495,628	5.04	1.13
150,000	FED. HOME LOAN MTGE		5.000	08/15/12	149,663	145,999	5.14	3.79
16,911,228	FED. HOME LOAN MTGE		5.000	2020	16,897,697	16,283,623	5.19	3.80
1,950,000	FED. HOME LOAN MTGE		5.000	09/15/23	1,940,707	1,916,364	5.09	2.34
500,000	FED. HOME LOAN MTGE		5.050	01/26/15	500,000	479,797	5.26	4.92
2,500,000	FED. HOME LOAN MTGE		5.130	04/18/08	2,500,538	2,487,471	5.16	1.68
3,000,000	FED. HOME LOAN MTGE		5.130	04/18/11	2,997,780	2,954,234	5.21	4.15
1,000,000	FED. HOME LOAN MTGE		5.130	07/15/12	1,030,590	982,019	5.22	5.00
2,000,000	FED. HOME LOAN MTGE		5.250	11/05/12	2,035,620	1,932,989	5.43	4.11
1,364,452	FED. HOME LOAN MTGE		5.250	06/15/18	1,369,783	1,366,647	5.24	0.17
2,234,377	FED. HOME LOAN MTGE		5.360	04/01/36	2,190,824	2,200,483	5.44	2.83
200,000	FED. HOME LOAN MTGE		5.500	04/24/09	199,780	198,892	5.53	1.65
1,763,649	FED. HOME LOAN MTGE		5.500	06/15/15	1,842,738	1,736,348	5.59	3.52
1,766,050	FED. HOME LOAN MTGE		5.500	11/01/17	1,815,169	1,734,938	5.60	3.05
1,796,448	FED. HOME LOAN MTGE		5.500	2025	1,799,958	1,785,518	5.53	2.04
1,206,251	FED. HOME LOAN MTGE		5.500	01/15/31	1,199,655	1,192,357	5.56	2.34
1,317,903	FED. HOME LOAN MTGE		5.500	07/15/33	1,372,679	1,297,937	5.58	2.96
976,946	FED. HOME LOAN MTGE		5.500	09/01/35	978,855	938,213	5.73	4.76
1,310,000	FED. HOME LOAN MTGE		5.630	11/23/35	1,309,083	1,209,239	6.10	11.05
200,000	FED. HOME LOAN MTGE		5.750	05/11/11	199,348	199,216	5.77	2.26
1,000,000	FED. HOME LOAN MTGE		5.750	01/15/12	1,063,150	1,012,311	5.68	4.58
1,802,599	FED. HOME LOAN MTGE		5.880	05/15/16	1,805,135	1,792,243	5.91	1.92
105,801	FED. HOME LOAN MTGE		6.000	07/01/16	110,629	106,211	5.98	2.76
3,601,044	FED. HOME LOAN MTGE		6.000	2017	3,763,039	3,613,212	5.98	2.66
190,225	FED. HOME LOAN MTGE		6.000	2018	198,905	190,871	5.98	3.03
865,433	FED. HOME LOAN MTGE		6.000	2028	880,309	856,103	6.07	3.76
320,933	FED. HOME LOAN MTGE		6.000	2032	330,043	317,073	6.07	3.95
139,735	FED. HOME LOAN MTGE		6.000	01/01/33	142,137	138,054	6.07	4.05
1,031,516	FED. HOME LOAN MTGE		6.500	10/01/32	1,072,616	1,040,784	6.44	3.33
5,910,000	FED. HOME LOAN MTGE		6.630	09/15/09	6,203,356	6,109,831	6.41	2.82
3,900,000	FED. HOME LOAN MTGE		6.880	09/15/10	4,200,144	4,100,912	6.54	3.57
314,017	FED. HOME LOAN MTGE		7.000	04/01/32	327,222	321,758	6.83	2.72
803	FED. HOME LOAN MTGE		8.250	10/01/07	791	803	8.25	NA
11,898	FED. HOME LOAN MTGE		8.500	2008	11,510	11,938	8.47	0.53
17,741	FED. HOME LOAN MTGE		8.750	2008	16,845	17,863	8.69	0.65
11,456	FED. HOME LOAN MTGE		9.000	07/01/09	11,056	11,719	8.80	N/A
35,906	FED. HOME LOAN MTGE		9.250	08/01/08	35,300	36,464	9.11	0.83
(4,000,000)	FED. HOME LOAN MTGE TBA JUL 15		4.500	12/01/99	(3,802,484)	(3,775,000)	4.77	4.05
1,000,000	FED. HOME LOAN MTGE TBA JUL 30		5.000	12/01/99	944,531	933,828	5.35	5.75
(1,000,000)	FED. HOME LOAN MTGE TBA JUL 30		6.000	12/01/99	(992,969)	(984,297)	6.10	3.99
4,415,000	FED. NATIONAL MTG. ASSN.		2.350	04/05/07	4,274,148	4,307,277	2.41	0.74
7,625,000	FED. NATIONAL MTG. ASSN.		2.710	01/30/07	7,545,986	7,505,512	2.75	0.56
4,600,000	FED. NATIONAL MTG. ASSN.		2.750	08/11/06	4,595,667	4,586,701	2.76	0.11
2,045,000	FED. NATIONAL MTG. ASSN.		2.880	03/15/07	2,018,947	2,007,290	2.93	0.71
2,750,000	FED. NATIONAL MTG. ASSN.		3.000	03/02/07	2,723,655	2,703,849	3.05	0.65
1,690,000	FED. NATIONAL MTG. ASSN.		3.130	03/16/09	1,594,964	1,593,520	3.32	2.51
5,000,000	FED. NATIONAL MTG. ASSN.		3.130	12/15/07	4,937,650	4,835,674	3.24	1.40
1,500,000	FED. NATIONAL MTG. ASSN.		3.250	08/15/08	1,443,909	1,434,488	3.40	1.99
1,500,000	FED. NATIONAL MTG. ASSN.		3.250	02/15/09	1,432,704	1,420,715	3.43	2.44
4,500,000	FED. NATIONAL MTG. ASSN.		3.740	02/24/09	4,343,805	4,304,339	3.91	2.45
800,000	FED. NATIONAL MTG. ASSN.		3.800	01/18/08	800,000	779,575	3.90	1.45
4,500,000	FED. NATIONAL MTG. ASSN.		4.000	08/08/06	4,482,810	4,493,680	4.01	0.10
2,999,999	FED. NATIONAL MTG. ASSN.		4.000	04/01/19	2,760,468	2,780,507	4.32	3.97
76,266	FED. NATIONAL MTG. ASSN.		4.000	05/01/19	74,551	70,591	4.32	3.98
150,000	FED. NATIONAL MTG. ASSN.		4.200	03/24/08	150,000	146,734	4.29	1.62
1,000,000	FED. NATIONAL MTG. ASSN.		4.200	06/08/09	1,001,190	968,282	4.34	2.61
2,400,000	FED. NATIONAL MTG. ASSN.		4.250	09/15/07	2,399,688	2,365,773	4.31	1.15
3,900,000	FED. NATIONAL MTG. ASSN.		4.250	05/15/09	3,821,922	3,779,115	4.39	2.64
250,000	FED. NATIONAL MTG. ASSN.		4.250	01/19/10	250,000	240,136	4.42	3.08
6,500,000	FED. NATIONAL MTG. ASSN.		4.380	09/15/12	6,476,868	6,122,923	4.65	5.27
3,000,000	FED. NATIONAL MTG. ASSN.		4.500	10/15/08	2,983,926	2,941,587	4.59	2.12
1,000,000	FED. NATIONAL MTG. ASSN.		4.500	02/15/11	981,820	962,241	4.68	4.04

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
\$	\$	FIXED INCOME (continued)	%	\$	\$	%		
Federal Agency & Other Governments (continued)								
821,196	FED. NATIONAL MTG. ASSN.	4.500	08/01/13	798,228	789,140	4.68	2.84	
4,075,259	FED. NATIONAL MTG. ASSN.	4.500	2018	4,045,283	3,865,658	4.74	3.79	
764,514	FED. NATIONAL MTG. ASSN.	4.500	10/01/35	737,129	692,602	4.97	6.21	
4,750,000	FED. NATIONAL MTG. ASSN.	4.550	09/07/06	4,747,565	4,750,143	4.55	0.02	
6,000,000	FED. NATIONAL MTG. ASSN.	4.630	01/15/08	5,979,195	5,926,363	4.69	1.44	
500,000	FED. NATIONAL MTG. ASSN.	4.630	10/15/14	511,816	471,465	4.91	6.69	
2,000,000	FED. NATIONAL MTG. ASSN.	4.750	12/15/10	1,994,988	1,943,350	4.89	3.95	
2,000,000	FED. NATIONAL MTG. ASSN.	4.880	08/27/07	1,997,960	1,984,593	4.92	1.09	
500,000	FED. NATIONAL MTG. ASSN.	4.880	01/11/08	500,000	495,438	4.92	1.22	
1,000,000	FED. NATIONAL MTG. ASSN.	4.880	04/15/09	996,880	985,748	4.95	2.54	
1,000,000	FED. NATIONAL MTG. ASSN.	5.000	04/15/15	1,052,604	967,228	5.17	6.94	
1,000,000	FED. NATIONAL MTG. ASSN.	5.000	03/15/16	968,600	959,229	5.21	7.46	
2,185,663	FED. NATIONAL MTG. ASSN.	5.000	01/25/20	2,196,933	2,020,701	5.41	7.09	
1,809,081	FED. NATIONAL MTG. ASSN.	5.000	04/25/34	1,835,653	1,742,564	5.19	3.36	
3,867,844	FED. NATIONAL MTG. ASSN.	5.000	08/01/35	1,011,683	1,028,605	18.80	(10.01)	
5,182,210	FED. NATIONAL MTG. ASSN.	5.000	2018	5,263,815	5,010,505	5.17	3.44	
2,108,812	FED. NATIONAL MTG. ASSN.	5.000	2035	2,040,967	1,971,905	5.35	5.46	
1,000,000	FED. NATIONAL MTG. ASSN.	5.130	04/15/11	994,810	984,904	5.21	4.15	
2,500,000	FED. NATIONAL MTG. ASSN.	5.280	02/27/09	2,499,325	2,483,577	5.31	1.63	
1,000,000	FED. NATIONAL MTG. ASSN.	5.300	02/22/11	998,250	982,452	5.39	3.03	
750,000	FED. NATIONAL MTG. ASSN.	5.380	07/15/16	740,393	740,729	5.45	7.65	
1,500,000	FED. NATIONAL MTG. ASSN.	5.400	11/30/07	1,498,425	1,495,819	5.42	0.93	
26,836	FED. NATIONAL MTG. ASSN.	5.500	12/01/13	27,765	26,412	5.59	2.42	
492,109	FED. NATIONAL MTG. ASSN.	5.500	07/01/14	509,025	484,324	5.59	2.40	
3,892	FED. NATIONAL MTG. ASSN.	5.500	03/01/16	4,027	3,829	5.59	2.77	
881,066	FED. NATIONAL MTG. ASSN.	5.500	2017	910,085	866,488	5.59	3.02	
1,477,545	FED. NATIONAL MTG. ASSN.	5.500	2018	1,525,695	1,452,853	5.59	3.07	
52,792	FED. NATIONAL MTG. ASSN.	5.500	08/01/19	54,632	51,850	5.60	3.31	
758,735	FED. NATIONAL MTG. ASSN.	5.500	2020	769,495	745,952	5.59	3.07	
1,274,167	FED. NATIONAL MTG. ASSN.	5.500	2021	1,260,231	1,250,504	5.60	3.70	
1,274,986	FED. NATIONAL MTG. ASSN.	5.500	05/25/27	1,289,131	1,266,234	5.54	1.50	
2,408,044	FED. NATIONAL MTG. ASSN.	5.500	04/25/30	2,445,294	2,386,745	5.55	1.95	
451,894	FED. NATIONAL MTG. ASSN.	5.500	2033	451,512	435,884	5.70	4.65	
11,016,564	FED. NATIONAL MTG. ASSN.	5.500	2034	11,052,181	10,653,537	5.69	4.32	
20,784,330	FED. NATIONAL MTG. ASSN.	5.500	2035	17,554,056	17,173,301	6.66	2.49	
4,881,891	FED. NATIONAL MTG. ASSN.	5.500	01/25/36	1,190,724	1,369,981	19.60	(21.22)	
1,200,000	FED. NATIONAL MTG. ASSN.	5.550	05/18/09	1,197,480	1,196,747	5.57	1.63	
3,828,338	FED. NATIONAL MTG. ASSN.	5.650	2035	3,931,755	3,925,574	5.51	0.00	
10,107,296	FED. NATIONAL MTG. ASSN.	5.660	2035	10,383,424	10,358,297	5.52	0.01	
2,025,526	FED. NATIONAL MTG. ASSN.	5.760	12/01/11	2,157,818	2,005,718	5.82	4.31	
2,000,000	FED. NATIONAL MTG. ASSN.	6.000	05/15/11	2,194,042	2,042,384	5.88	4.16	
2,512,200	FED. NATIONAL MTG. ASSN.	6.000	03/01/17	2,531,042	2,525,841	5.97	2.40	
6,488,103	FED. NATIONAL MTG. ASSN.	6.000	2021	6,535,827	6,519,125	5.97	2.39	
813,228	FED. NATIONAL MTG. ASSN.	6.000	03/25/29	824,919	810,003	6.02	3.54	
1,986,210	FED. NATIONAL MTG. ASSN.	6.000	2034	1,999,709	1,961,059	6.08	3.52	
200,000	FED. NATIONAL MTG. ASSN.	6.070	05/12/16	199,720	198,939	6.10	3.70	
878,654	FED. NATIONAL MTG. ASSN.	6.500	2031	912,054	886,261	6.44	3.15	
1,071,669	FED. NATIONAL MTG. ASSN.	6.500	2032	1,119,270	1,080,632	6.45	2.83	
361,134	FED. NATIONAL MTG. ASSN.	6.500	2033	378,682	364,238	6.44	2.80	
180,539	FED. NATIONAL MTG. ASSN.	6.500	05/01/17	189,062	183,093	6.41	2.10	
1,067,310	FED. NATIONAL MTG. ASSN.	6.500	05/01/34	1,118,375	1,076,316	6.45	2.82	
3,900,000	FED. NATIONAL MTG. ASSN.	6.630	09/15/09	4,110,565	4,031,868	6.41	2.82	
11,213	FED. NATIONAL MTG. ASSN.	7.000	07/01/25	11,803	11,378	6.90	2.25	
5,968	FED. NATIONAL MTG. ASSN.	7.000	09/01/29	6,282	6,123	6.82	3.32	
169,418	FED. NATIONAL MTG. ASSN.	7.000	2031	178,327	173,541	6.83	2.23	
291,492.00	FED. NATIONAL MTG. ASSN.	7.000	2032	306,813	298,515	6.84	3.65	
76,012	FED. NATIONAL MTG. ASSN.	7.000	03/01/33	80,009	77,815	6.84	2.84	
24,855	FED. NATIONAL MTG. ASSN.	7.000	09/01/34	26,378	25,437	6.84	1.62	
194,992	FED. NATIONAL MTG. ASSN.	7.410	12/25/30	202,183	200,886	7.19	4.19	
8,482	FED. NATIONAL MTG. ASSN.	9.000	08/01/09	8,228	8,715	8.76	NA	
1,400,000	FED. NATIONAL MTG. ASSN. TBA AUG 30	4.500	12/01/99	1,264,375	1,268,094	4.97	6.58	
2,000,000	FED. NATIONAL MTG. ASSN. TBA JUL 30	4.500	12/01/99	1,831,875	1,812,031	4.97	6.58	
1,000,000	FED. NATIONAL MTG. ASSN. TBA JUL 15	5.000	12/01/99	969,688	962,891	5.19	3.71	
85,500,000	FED. NATIONAL MTG. ASSN. TBA JUL 30	5.000	12/01/99	80,766,564	79,922,459	5.35	5.70	
33,200,000	FED. NATIONAL MTG. ASSN. TBA JUL 15	5.500	12/01/99	32,801,822	32,577,500	5.61	3.30	
(10,000,000)	FED. NATIONAL MTG. ASSN. TBA JUL 30	5.500	12/01/99	(9,651,285)	(9,600,781)	5.73	4.92	
11,000,000	FED. NATIONAL MTG. ASSN. TBA JUL 15	6.000	12/01/99	11,006,133	11,036,093	5.98	2.40	

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
\$		FIXED INCOME (continued)	%		\$	\$	%	
Federal Agency & Other Governments (continued)								
47,700,000		FED. NATIONAL MTG. ASSN. TBA JUL 30	6.000	12/01/99	47,256,938	46,936,056	6.10	3.94
3,600,000		FED. NATIONAL MTG. ASSN. TBA JUL 30	6.500	12/01/99	3,630,164	3,618,562	6.47	2.84
250,000		FIRSTFED CORP	8.110	05/15/24	321,875	377,825	5.37	N/A
4,000,000		FREDDIE MAC	4.500	01/15/14	4,000,000	3,757,952	4.79	6.14
3,302,302		GOV'T NATIONAL MTG. ASSN.	3.750	05/20/34	3,242,448	3,239,256	3.82	1.03
3,390,753		GOV'T NATIONAL MTG. ASSN.	5.000	2034	3,385,711	3,197,041	5.30	5.50
3,896,573		GOV'T NATIONAL MTG. ASSN.	5.000	2035	3,842,021	3,688,040	5.28	6.28
1,285,000		GOV'T NATIONAL MTG. ASSN.	5.040	12/16/32	1,267,984	1,183,176	5.47	13.39
1,007,988		GOV'T NATIONAL MTG. ASSN.	5.500	10/20/24	1,036,968	973,969	5.69	4.42
716,094		GOV'T NATIONAL MTG. ASSN.	5.500	11/15/33	727,339	694,779	5.67	5.15
2,391,657		GOV'T NATIONAL MTG. ASSN.	5.500	03/15/34	2,439,490	2,320,468	5.67	4.71
1,276,580		GOV'T NATIONAL MTG. ASSN.	6.000	2032	1,316,747	1,269,749	6.03	3.91
1,112		GOV'T NATIONAL MTG. ASSN.	7.000	02/15/28	1,177	1,154	6.75	1.95
40,474		GOV'T NATIONAL MTG. ASSN.	7.000	2029	42,847	41,928	6.76	2.64
24,672		GOV'T NATIONAL MTG. ASSN.	7.000	11/15/30	26,118	25,527	6.77	2.27
124,757		GOV'T NATIONAL MTG. ASSN.	7.000	2031	131,592	128,926	6.77	2.63
311,512		GOV'T NATIONAL MTG. ASSN.	7.000	2032	329,286	321,431	6.78	2.69
20,571		GOV'T NATIONAL MTG. ASSN.	7.500	2007	19,619	20,626	7.48	N/A
2,565		GOV'T NATIONAL MTG. ASSN.	8.000	2006	2,553	2,565	8.00	N/A
313		GOV'T NATIONAL MTG. ASSN.	8.000	01/15/07	312	314	7.97	N/A
652		GOV'T NATIONAL MTG. ASSN.	10.000	10/15/15	664	719	9.07	N/A
5,880		GOV'T NATIONAL MTG. ASSN.	10.000	2016	5,979	6,498	9.05	N/A
5,140		GOV'T NATIONAL MTG. ASSN.	10.000	2017	5,229	5,720	8.99	1.96
34,094		GOV'T NATIONAL MTG. ASSN.	10.000	2018	34,677	37,926	8.99	1.79
94,542		GOV'T NATIONAL MTG. ASSN.	10.000	2019	96,660	105,982	8.92	2.01
92,671		GOV'T NATIONAL MTG. ASSN.	10.000	2020	94,267	103,146	8.98	2.17
483		GOV'T NATIONAL MTG. ASSN.	10.500	02/15/16	498	541	9.37	N/A
9,849		GOV'T NATIONAL MTG. ASSN.	10.500	07/15/18	10,136	10,308	10.03	0.80
8,610,000		GOV'T NATIONAL MTG. ASSN. TBA JUL 30	5.000	12/01/99	8,229,547	8,146,540	5.28	6.70
2,600,000		GOV'T NATIONAL MTG. ASSN. TBA JUL 30	5.500	12/01/99	2,544,750	2,518,953	5.68	5.62
18,700,000		GOV'T NATIONAL MTG. ASSN. TBA JUL 30	6.000	12/01/99	18,707,563	18,540,758	6.05	4.52
22,900,000		GOV'T NATIONAL MTG. ASSN. TBA JUL 30	6.500	12/01/99	23,329,625	23,173,726	6.42	3.40
12,000,000		ISRAEL ST	5.000	02/01/13	12,000,000	11,999,280	5.00	N/A
2,000,000		ITALY REP	4.000	06/16/08	2,006,840	1,948,919	4.10	1.85
200,000		JAPAN BK INTL CORP	4.750	05/25/11	199,550	195,349	4.86	4.28
500,000		KOREA REP	4.880	09/22/14	488,470	465,174	5.25	6.54
2,570,000		ONTARIO PROV CDA	3.380	01/15/08	2,568,278	2,493,797	3.48	1.45
500,000		ONTARIO PROV CDA	4.500	02/03/15	498,325	465,787	4.83	6.85
1,769,114		SMALL BUSINESS ADMIN PARTN CTF	4.500	02/10/14	1,769,113	1,665,179	4.78	6.29
3,000,000		TENNESSEE VALLEY AUTH	4.380	06/15/15	2,987,310	2,764,274	4.75	7.24
1,910,000		TENNESSEE VALLEY AUTH	6.250	12/15/17	2,161,431	2,008,241	5.94	8.23
Total Federal Agency & Other Governments					664,492,766	651,309,629		
Options					(199,838)	(169,563)		
Municipal								
2,500,000		FISHER COMMUNICATIONS INC	8.630	09/15/14	2,575,440	2,587,500	8.34	4.57
110,000		MASHANTUCKET WESTERN PEQUOT	5.910	09/01/21	110,000	100,951	6.44	9.24
Total Municipal					2,685,440	2,688,451		
Total Government & Agency Obligations					1,133,988,223	1,110,919,988		
Foreign Obligations								
Yankee Bonds								
Aaa/AAA	250,000	AFRICAN DEV BK	4.500	01/15/09	248,998	244,562	4.60	N/A
Baa/BBB	1,280,000	BRITISH TELECOMMUNICATIONS PLC	8.380	12/15/10	1,375,899	1,402,524	7.65	3.74
Baa/BBB	70,000	BSKYB FIN U K PLC	6.500	10/15/35	68,903	62,966	7.23	12.36
B/B	1,435,000	COMPTON PETE FIN CORP	7.630	12/01/13	1,452,738	1,370,425	7.99	5.17
A/A	1,195,000	DEUTSCHE TELEKOM INTL FIN B V	5.750	03/23/16	1,187,292	1,125,252	6.11	7.18
Aaa/AA	100,000	DEVELOPMENT BK JAPAN	4.250	06/09/15	99,180	92,018	4.62	6.59
A/A	200,000	DIAGEO FIN BV	5.300	10/28/15	199,570	189,843	5.58	7.15
Aaa/AA	250,000	EKSPORTFINANS A S	5.500	05/25/16	248,215	247,762	5.55	7.53
A/A	150,000	EXPORT IMPORT BK KOREA	4.630	03/16/10	149,418	143,531	4.84	3.30
A/A	150,000	EXPORT IMPORT BK KOREA	5.130	02/14/11	149,244	145,362	5.29	3.97
A/BBB	1,000,000	GLITNIR BANKI HF	6.690	06/15/16	999,287	994,280	6.73	4.16
A/A	50,000	INGERSOLL RAND CO	4.750	05/15/15	49,813	46,374	5.12	7.03
B/B	140,000	INTELSAT LTD	9.250	06/15/16	140,000	144,550	8.96	6.51

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Yankee Bonds (continued)								
Aaa/AAA	2,000,000	INTER AMERN DEV BK	4.500	09/15/14	1,998,160	1,857,136	4.85	N/A
Aaa/AAA	1,250,000	INTER AMERN DEV BK	3.380	03/17/08	1,249,300	1,209,909	3.49	1.62
Aaa/AAA	3,000,000	INTL BK FOR RECON & DEV	4.130	06/24/09	3,043,020	2,893,337	4.28	N/A
NR/AA	1,000,000	ITALY REP	4.380	10/25/06	1,025,740	997,678	4.39	0.31
NR/AA	3,000,000	ITALY REP	5.630	06/15/12	3,230,820	3,026,973	5.58	5.00
Aaa/AA	300,000	JAPAN FIN CORP MUN ENTERPRISES	4.630	04/21/15	297,135	281,123	4.94	7.03
B/B	1,115,000	JEAN COUTU GROUP PJC INC	7.630	08/01/12	1,148,363	1,081,550	7.87	4.19
Caa/B	1,385,000	JEAN COUTU GROUP PJC INC	8.500	08/01/14	1,397,300	1,274,200	9.24	5.26
Aaa/AAA	1,750,000	KREDITANSTALT FUR WIEDERAUFBAU	4.250	06/15/10	1,744,400	1,671,973	4.45	3.57
Aaa/AAA	500,000	KREDITANSTALT FUR WIEDERAUFBAU	3.880	06/30/09	495,625	477,964	4.06	2.78
Aaa/AAA	4,000,000	LANDWIRTSCHAFTLICHE RENTENBANK	3.630	10/20/09	3,947,560	3,799,006	3.82	3.03
Ba/BBB	1,210,000	METHANEX CORP	6.000	08/15/15	1,214,739	1,126,401	6.45	6.69
Baa/BBB	450,000	MUFG CAPITAL FINANCE 1 LIMITED	6.350	07/25/49	450,000	431,325	6.62	7.16
B/B	1,018,000	NELL AF S A R L	8.380	08/15/15	1,015,580	978,553	8.72	5.66
Aaa/AAA	400,000	NORDIC INV BK MEDIUM TERM NTS	3.880	06/15/10	399,980	378,707	4.10	3.60
A/A	250,000	NOVA SCOTIA PROV CDA	5.750	02/27/12	270,500	254,030	5.66	4.69
Aaa/AAA	300,000	OESTERREICHISCHE KONTROLLBANK	4.500	03/09/15	297,924	278,093	4.85	6.95
Baa/BBB	500,000	PEMEX PROJ FDG MASTER TR	8.000	11/15/11	572,000	528,250	7.57	4.32
Baa/BBB	790,000	RESONA PFD GLOBAL SECS CAYMAN	7.190	12/29/49	796,885	792,441	7.17	6.34
B/B	3,276,000	SENSATA TECHNOLOGIES B V	8.000	05/01/14	3,305,250	3,161,340	8.29	5.26
Baa/BBB	830,000	SHINSEI FIN CAYMAN LTD	6.420	01/29/49	820,214	804,250	6.63	14.45
A/AA	250,000	SWEDISH EXPT CR CORP	4.630	02/17/09	249,358	244,878	4.73	2.39
Aa/AA	300,000	SWEDISH EXPT CR CORP	3.500	01/15/08	298,473	291,525	3.60	1.45
Baa/BBB	400,000	TELECOM ITALIA CAP	4.880	10/01/10	392,348	380,625	5.13	3.72
Baa/BBB	375,000	TELEFONICA EMISIONES S A U	6.420	06/20/16	375,000	366,846	6.56	7.28
Baa/BBB	1,100,000	TELEFONICA EMISIONES S A U	7.050	06/20/36	1,099,159	1,086,462	7.14	12.47
Ba/BBB	300,000	UNUMPROVIDENT FIN CO PLC	6.850	11/15/15	299,679	294,918	6.97	6.76
A/A	300,000	VODAFONE GROUP PLC NEW	5.500	06/15/11	297,594	292,496	5.64	4.21
Baa/BBB	150,000	WEATHERFORD INTL INC	5.500	02/15/16	149,363	142,365	5.79	7.19
	Total Yankee Bonds				38,250,026	36,613,803		
Other Foreign Obligations								
B/B	2,200,000	ABITIBI CONSOLIDATED CO CDA	7.750	06/15/11	2,304,500	2,018,500	8.45	3.96
B/B	119,000	ABITIBI CONSOLIDATED INC	8.550	08/01/10	128,371	112,753	9.02	3.23
Baa/BBB	150,000	ALCAN INC	5.000	06/01/15	148,640	138,276	5.42	7.00
A/BBB	250,000	AMERICA MOVIL S A DE C V	5.500	03/01/14	248,933	230,988	5.95	5.98
A/BBB	150,000	AMERICA MOVIL S A DE C V	6.380	03/01/35	139,085	128,332	7.46	11.86
A/A	150,000	BHP BILLITON FIN USA LTD	5.000	12/15/10	149,304	146,013	5.14	3.92
B/B	3,000,000	BLUEWATER FIN LTD	10.250	02/15/12	3,240,000	3,037,500	10.12	3.20
A/A	1,125,000	CANADIAN NATL RY CO	4.400	03/15/13	1,122,649	1,041,313	4.75	5.60
B/B	5,960,000	CHC HELICOPTER CORP	7.380	05/01/14	6,139,945	5,721,600	7.69	5.28
A/A	250,000	CHINA DEV BK	5.000	10/15/15	247,150	231,409	5.40	7.20
Baa/BBB	3,000,000	COMPANHIA BRASILEIRA BEBIDAS	8.750	09/15/13	3,435,000	3,303,750	7.95	5.29
Aa/A	300,000	CORPORACION NACIONAL DEL COBRE	4.750	10/15/14	295,446	271,875	5.24	6.61
A/BBB	2,575,000	DAIMLER CHRYSLER NORTH HLDG CO	7.200	09/01/09	2,877,985	2,653,155	6.99	2.75
Aaa/AAA	2,150,000	DEPFA ACS BK	3.630	10/29/08	2,156,622	2,063,975	3.78	2.18
A/A	2,000,000	DEUTSCHE TELEKOM INTL	8.000	06/15/10	2,371,400	2,135,620	7.49	3.38
A/A	10,000	DEUTSCHE TELEKOM INTL FIN BV	8.250	06/15/30	12,458	11,474	7.19	10.88
A/A	300,000	DIAGEO FIN BV	5.500	04/01/13	296,634	293,652	5.62	5.48
Ba/BBB	185,000	EMPRESA NACIONAL DE	8.500	04/01/09	204,950	195,175	8.06	2.40
	2,171,400	FRANCE BONS DU T BILL	0.000	07/13/06	2,736,536	2,773,684	0.00	0.03
A/A	505,000	FRANCE TELECOM SA	8.000	03/01/11	612,666	541,434	7.46	3.83
A/A	120,000	HBOS PLC	5.920	09/29/49	109,022	110,552	6.43	6.82
Aa/AA	865,000	HBOS PLC MEDIUM TERM SR NTS	3.750	09/30/08	868,823	831,655	3.90	2.10
A/A	265,000	HSBC CAP FDG DLR 2 L P	4.610	12/29/49	265,000	238,103	5.13	5.84
A/BBB	250,000	HUNGARY REP	4.750	02/03/15	249,173	233,390	5.09	6.75
Aa/AA	665,000	ITALY REP	3.750	12/14/07	663,557	650,674	3.83	1.39
A/NR	350,000	KAUPTHING BK	7.130	05/19/16	348,152	349,629	7.14	6.98
A/A	500,000	KOREA DEV BK	4.630	09/16/10	489,100	476,930	4.85	3.70
Aaa/AAA	500,000	KREDITANSTALT FUR WIEDERAUFBAU	4.630	01/20/11	493,510	482,122	4.80	3.96
	1,325,000	MANITOBA PROVINCE OF	6.380	09/01/15	927,004	794,705	10.64	6.67
	435,000	MEXICO (UNITED MEXICAN STATES)	8.000	12/19/13	39,339	36,609	95.06	5.47
	1,230,000	MEXICO (UNITED MEXICAN STATES)	9.000	12/22/11	114,199	111,039	99.69	4.27
Aaa/AAA	150,000	NORDIC INV BK	4.880	03/15/11	149,907	146,839	4.99	4.07
Aa/AA	250,000	ONTARIO PROV CDA	4.750	01/19/16	248,428	235,805	5.04	5.83
Aa/AA	150,000	ONTARIO PROV CDA	5.450	04/27/16	149,840	148,958	5.49	7.47
Baa/A	715,000	PANCANADIAN PETROLEUM LTD	6.300	11/01/11	791,448	729,335	6.18	4.45

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration		
	\$	FIXED INCOME (continued)	%		\$	\$	%			
Other Foreign Obligations (continued)										
Aa/A	460,000	QUEBEC	6.750	11/09/15	317,717	278,912	11.13	6.81		
B/B	1,000,000	QUEBEC PROV CDA	4.600	05/26/15	972,420	926,823	4.96	7.12		
Ba/BB	1,698,000	QUEBECOR MEDIA INC	7.750	03/15/16	1,729,838	1,664,040	7.91	6.14		
Ba/BB	1,395,000	QUEBECOR WORLD ULC	8.750	03/15/16	1,408,950	1,272,938	9.59	5.96		
A/A	625,000	RBS CAP TR III	5.510	09/29/49	581,413	582,681	5.91	6.38		
A/BBB	500,000	REPUBLIC OF POLAND	5.000	10/19/15	499,495	468,505	5.34	7.21		
Ba/BB	1,831,000	ROGERS WIRELESS INC	6.380	03/01/14	1,837,866	1,744,028	6.70	5.80		
Ba/BB	255,000	ROGERS WIRELESS INC	7.500	03/15/15	267,000	257,550	7.43	6.20		
Aa/A	720,000	ROYAL BK SCOTLAND GROUP PLC	5.050	01/08/15	729,743	682,726	5.33	6.62		
Ba/BBB	1,372,000	ROYAL CARIBBEAN CRUISES LTD	7.250	06/15/16	1,365,647	1,358,650	7.32	6.95		
Baa/BBB	180,000	ROYAL KPN NV	8.000	10/01/10	193,904	191,993	7.50	3.53		
Ba/BB	1,000,000	RUSSEL METALS INC	6.380	03/01/14	1,007,500	925,000	6.90	5.50		
Baa/BBB	200,000	RUSSIAN FEDERATION	5.000	03/31/30	221,840	213,020	4.69	14.54		
Baa/BBB	500,000	SOUTH AFRICA REP	6.500	06/02/14	544,375	506,875	6.41	6.09		
Ba/BB	5,000,000	STENA AB	7.500	11/01/13	5,043,750	4,850,000	7.73	4.93		
A/A	55,000	SUNCOR ENERGY INC	5.950	12/01/34	54,676	53,062	6.17	13.39		
Baa/BBB	140,000	TALISMAN ENERGY INC	5.850	02/01/37	138,729	124,564	6.57	12.93		
Baa/BBB	200,000	TELECOM ITALIA CAP	5.250	11/15/13	199,418	184,139	5.70	5.92		
Baa/BBB	340,000	TELECOM ITALIA CAP	4.950	09/30/14	338,813	303,112	5.55	6.49		
Baa/BBB	910,000	TELECOM ITALIA CAP	5.250	10/01/15	870,591	816,834	5.85	7.02		
A/BBB	200,000	TELEFONOS DE MEXICO SA	4.750	01/27/10	199,992	190,466	4.99	3.15		
A/BBB	200,000	TELOFONOS DE MEXICO SA	5.500	01/27/15	198,878	183,074	6.01	6.32		
Baa/BBB	70,000	TYCO INTL GROUP S A	7.000	06/15/28	75,545	72,890	6.72	11.43		
Baa/BBB	3,020,000	TYCO INTL GROUP S A	6.880	01/15/29	2,545,773	3,099,130	6.70	11.30		
Baa/BBB	2,420,000	TYCO INTL GROUP S A	6.380	10/15/11	2,414,710	2,465,316	6.26	4.40		
A/A	500,000	UFJ FIN ARUBA A E C	6.750	07/15/13	553,240	520,890	6.48	5.43		
Baa/BBB	375,000	UNITED MEXICAN STS	6.750	09/27/34	397,313	364,688	6.94	12.22		
Baa/BBB	2,000,000	UNITED MEXICAN STS	8.380	01/14/11	2,340,000	2,180,000	7.69	2.55		
Baa/BBB	960,000	UNITED MEXICAN STS MTN	8.300	08/15/31	1,164,480	1,106,400	7.20	11.19		
Baa/BBB	1,010,000	UNITED MEXICAN STS MTN	8.000	09/24/22	1,009,678	1,128,675	7.16	9.31		
Baa/BBB	4,124,000	UNITED MEXICAN STS MTN	7.500	04/08/33	3,609,243	4,397,421	7.03	11.86		
Baa/BBB	100,000	VALE OVERSEAS LTD	6.250	01/11/16	100,700	95,250	6.56	6.82		
A/A	1,735,000	VODAFONE GROUP PLC NEW	5.050	12/28/07	1,735,451	1,736,099	5.05	N/A		
A/A	300,000	VODAFONE GROUP PLC NEW	5.750	03/15/16	294,288	283,550	6.08	7.17		
	Total Other Foreign Obligations				69,737,752	67,856,124				
	Options				760,385	(14,256)				
	Total Foreign Obligations				108,748,163	104,455,671				
<b>Corporate Obligations</b>										
Finance										
A/A	125,000	AETNA INC NEW	5.750	06/15/11	124,864	124,028	5.80	4.24		
Baa/BBB	630,000	AIFUL CORP	5.000	08/10/10	627,066	603,605	5.22	3.57		
A/A	1,500,000	ALL STATE CORP	7.200	12/01/09	1,689,691	1,574,459	6.86	3.00		
A/A	1,000,000	ALLSTATE CORP	5.000	08/15/14	994,540	937,973	5.33	6.41		
Aa/AA	200,000	ALLSTATE LIFE GLOBAL FDG	4.250	02/26/10	196,966	191,147	4.45	3.28		
Aa/AA	1,500,000	ALLSTATE LIFE GLOBAL FDG SECD	3.850	01/25/08	1,499,115	1,463,488	3.95	1.47		
Aa/A	2,500,000	AMERICAN EXPRESS CR CORP	3.000	05/16/08	2,452,605	2,389,018	3.14	1.78		
Aa/A	250,000	AMERICAN EXPRESS CR CORP	5.000	12/02/10	250,015	244,059	5.12	3.89		
Aa/A	200,000	AMERICAN EXPRESS CR CORP MEDIU	5.300	12/02/15	199,356	192,409	5.51	7.27		
A/A	2,620,000	AMERICAN GEN FIN CORP MTN	4.720	01/18/08	2,620,000	2,623,206	4.71	0.05		
A/A	500,000	AMERICAN GEN FIN CORP MTN	4.880	05/15/10	505,695	483,285	5.05	3.45		
A/A	150,000	AMERICAN GEN FIN CORP MTN	5.400	12/01/15	149,784	141,951	5.71	7.21		
Aa/AA	200,000	AMERICAN INTL GROUP INC	4.700	10/01/10	199,594	191,924	4.90	3.74		
Aa/AA	300,000	AMERICAN INTL GROUP INC	5.050	10/01/15	298,998	280,018	5.41	7.14		
Ba/BB	2,150,000	AMERICAN REAL ESTATE PARTNERS	8.130	06/01/12	2,247,109	2,144,625	8.15	3.92		
A/A	200,000	AMSOUTH BK N A BIRMINGHAM ALA	5.200	04/01/15	200,920	190,049	5.47	6.80		
Ba/BB	1,915,000	ARCH WESTN FIN LLC	6.750	07/01/13	1,998,463	1,833,613	7.05	4.84		
Baa/BBB	150,000	ARCHSTONE SMITH OPER TR	5.750	03/15/16	149,448	145,406	5.93	7.20		
Baa/BBB	150,000	ARCHSTONE SMITH OPER TR	5.250	05/01/15	149,576	140,983	5.59	6.86		
Aa/AA	390,000	ASIF GLOBAL FINANCNG XIX	4.900	01/17/13	391,986	367,649	5.20	5.37		
Aa/AA	560,000	ASIF GLOBAL FING XIIII	3.900	10/22/08	564,985	538,249	4.06	2.15		
NR/NR	475,000	ATLANTIC MARINE CORPS CMNTYS	5.340	12/01/50	475,000	420,826	6.03	14.73		
Baa/BBB	445,000	BAE SYS HLDGS INC	5.200	08/15/15	444,911	415,270	5.57	6.96		
Aa/AA	500,000	BANK AMER CORP	3.880	01/15/08	491,620	488,260	3.97	1.44		
Aa/AA	5,300,000	BANK AMER CORP	4.880	01/15/13	5,420,946	5,027,882	5.14	5.37		

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Finance (continued)								
Aa/AA	1,000,000	BANK AMER CORP	3.380	02/17/09	976,620	947,362	3.57	2.44
Aa/AA	1,635,000	BANK AMER CORP	4.500	08/01/10	1,630,622	1,566,132	4.70	3.60
Aa/A	2,435,000	BANK AMER CORP	7.400	01/15/11	2,813,083	2,599,444	6.93	3.73
Aa/AA	5,100,000	BANK AMER CORP MTN	5.510	03/28/08	5,100,479	5,100,714	5.51	0.25
A/A	150,000	BANK NEW YORK INC	4.950	03/15/15	148,601	141,408	5.25	6.82
Aa/A	250,000	BANK NEW YORK INC	4.950	01/14/11	250,988	243,313	5.09	3.89
Aa/AA	550,000	BANK NEW YORK N Y	3.800	02/01/08	546,915	535,899	3.90	1.49
A/A	795,000	BANK ONE CORP	5.900	11/15/11	844,870	796,551	5.89	4.52
Aa/A	1,060,000	BANK ONE CORP	4.130	09/01/07	1,067,632	1,042,862	4.20	1.11
Aa/AA	1,450,000	BANK ONE N A CHICAGO IL MTN	3.700	01/15/08	1,446,781	1,411,197	3.80	1.45
A/A	500,000	BANK TOKYO MITSUBISHI LTD	8.400	04/15/10	574,660	541,537	7.76	3.20
Aa/AA	5,860,000	BARCLAYS BANK PLC NY	4.900	03/13/09	5,860,000	5,863,633	4.90	0.20
A/A	250,000	BB&T CORP	4.750	10/01/12	251,913	237,156	5.01	5.24
A/A	1,500,000	BEAR STEARNS COS INC	7.800	08/15/07	1,569,870	1,536,340	7.62	1.04
A/A	350,000	BEAR STEARNS COS INC	4.500	10/28/10	351,456	333,219	4.73	3.83
A/A	3,600,000	BEAR STEARNS COS INC	3.250	03/25/09	3,520,548	3,382,578	3.46	2.54
A/A	500,000	BEAR STEARNS COS INC	5.300	10/30/15	493,810	471,558	5.62	7.16
A/A	1,030,000	BEAR STEARNS COS INC	4.440	10/03/07	1,030,007	1,030,793	4.44	NA
Ba/BB	5,200,000	BEAZER HOMES USA INC	6.880	07/15/15	5,119,300	4,732,000	7.56	6.10
NR/NR	725,000	BELVOIR LD LLC	5.400	12/15/47	724,594	627,669	6.24	15.56
Aaa/AAA	800,000	BERKSHIRE HATHAWAY FIN CORP	3.380	10/15/08	791,312	762,884	3.54	2.15
Aaa/AAA	645,000	BERKSHIRE HATHAWAY FIN CORP	3.400	07/02/07	644,110	632,117	3.47	0.95
Aaa/AAA	2,455,000	BERKSHIRE HATHAWAY FIN CORP	4.130	01/15/10	2,385,634	2,336,760	4.34	3.17
Aaa/AAA	300,000	BERKSHIRE HATHAWAY FIN CORP	4.850	01/15/15	306,768	280,016	5.20	6.69
Aaa/AAA	800,000	BERKSHIRE HATHAWAY INC DEL	4.750	05/15/12	799,355	761,092	4.99	5.00
B/B	1,500,000	BOYD GAMING CORP	6.750	04/15/14	1,533,750	1,423,125	7.11	5.41
Baa/BBB	100,000	BRANDYWINE OPER PARTNERSHIP	5.630	12/15/10	100,878	98,273	5.73	3.87
Baa/BBB	100,000	BRANDYWINE OPER PARTNERSHIP	6.000	04/01/16	99,458	97,665	6.14	7.16
Baa/BBB	575,000	CAMDEN PPTY TR	5.380	12/15/13	571,688	551,757	5.61	6.01
A/BBB	1,050,000	CAPITAL ONE BK	5.000	06/15/09	1,047,270	1,027,772	5.11	2.70
A/BBB	370,000	CAPITAL ONE BK MEDIUM TERM SR	4.250	12/01/08	372,031	357,704	4.40	2.25
Baa/BBB	250,000	CAPITAL ONE FINL CORP	4.800	02/21/12	249,088	236,745	5.07	4.76
Baa/BBB	150,000	CAPITAL ONE FINL CORP	5.500	06/01/15	149,861	142,720	5.78	6.88
Baa/BBB	100,000	CARRAMERICA RLTY OPER PART LP	5.500	12/15/10	100,341	99,493	5.53	3.90
A/A	300,000	CATERPILLAR FINL SVCS	4.150	01/15/10	299,370	285,604	4.36	3.17
A/A	100,000	CATERPILLAR FINL SVCS	3.800	02/08/08	99,873	97,466	3.90	1.51
A/A	1,900,000	CATERPILLAR FINL SVCS	4.750	02/17/15	1,894,547	1,758,346	5.13	6.80
A/A	150,000	CATERPILLAR FINL SVCS	4.350	03/04/09	149,880	145,384	4.49	2.45
A/A	150,000	CATERPILLAR FINL SVCS	5.050	12/01/10	149,877	146,270	5.18	3.88
A/A	150,000	CATERPILLAR FINL SVCS	4.630	06/01/15	149,139	137,158	5.06	7.10
Aa/AA	100,000	CHARTER ONE BK NA	5.500	04/26/11	99,957	99,621	5.52	4.14
A/A	450,000	CHASE MANHATTAN CORP NEW	6.380	02/15/08	489,690	455,740	6.30	1.49
A/A	100,000	CIT GROUP INC	4.750	08/15/08	99,909	98,139	4.84	1.95
A/A	2,940,000	CIT GROUP INC	5.000	11/24/08	2,935,708	2,893,781	5.08	2.22
A/A	1,590,000	CIT GROUP INC	4.750	12/15/10	1,607,276	1,524,412	4.95	3.94
A/A	5,600,000	CIT GROUP INC NEW	4.130	11/03/09	5,593,224	5,321,729	4.35	3.04
A/A	250,000	CIT GROUP INC NEW	3.650	11/23/07	249,740	243,518	3.75	1.33
A/A	250,000	CIT GROUP INC NEW	5.000	02/01/15	252,890	232,262	5.38	6.67
Aa/AA	1,250,000	CITIGROUP INC	6.500	01/18/11	1,298,850	1,289,647	6.30	3.80
Aa/AA	620,000	CITIGROUP INC	5.500	08/09/06	666,791	620,205	5.50	0.11
Aa/AA	1,485,000	CITIGROUP INC	5.000	03/06/07	1,541,564	1,480,320	5.02	0.65
Aa/AA	7,640,000	CITIGROUP INC	3.630	02/09/09	7,615,769	7,274,288	3.81	2.41
Aa/AA	510,000	CITIGROUP INC	5.010	06/09/09	510,000	511,097	5.00	0.19
Aa/AA	1,300,000	CITIGROUP INC	4.130	02/22/10	1,278,442	1,234,442	4.35	3.27
Aa/AA	4,370,000	CITIGROUP INC	4.630	08/03/10	4,364,803	4,200,795	4.82	3.59
Aa/AA	250,000	CITIGROUP INC	4.200	12/20/07	249,800	245,546	4.28	1.40
Aa/AA	350,000	CITIGROUP INC	5.300	01/07/16	341,674	333,173	5.57	7.12
Aa/AA	2,350,000	CITIGROUP INC	5.000	09/15/14	2,348,520	2,212,888	5.31	6.49
Baa/BBB	100,000	CNA FINL CORP	5.850	12/15/14	99,630	95,403	6.13	6.51
Baa/BBB	100,000	COLONIAL RLTY LTD PARTNERSHIP	4.750	02/01/10	99,995	96,070	4.94	3.17
Baa/BBB	100,000	COLONIAL RLTY LTD PARTNERSHIP	5.500	10/01/15	99,377	94,064	5.85	6.99
Ba/BB	1,060,000	COMPAGNIE GENERALE DE	7.500	05/15/15	1,094,450	1,036,150	7.67	5.70
NR/NR	470,000	CONTINENTAL AIRLS CORP	1.000	09/02/49	0	1	N/A	
Ba/B	2,290,000	COUCHE TARD US LP	7.500	12/15/13	2,447,875	2,278,550	7.54	4.76
A/A	500,000	COUNTRYWIDE FDG CORP MTN	4.130	09/15/09	495,320	474,566	4.35	2.91
Baa/A	150,000	COUNTRYWIDE FINL CORP	6.250	05/15/16	149,594	148,345	6.32	7.22
Aa/AA	1,000,000	CREDIT SUISSE FIRST BOSTON USA	4.630	01/15/08	996,600	986,483	4.69	1.43

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Finance (continued)								
Aa/AA	800,000	CREDIT SUISSE FIRST BOSTON USA	4.130	01/15/10	791,672	759,009	4.35	3.17
Aa/AA	200,000	CREDIT SUISSE FIRST BOSTON USA	4.880	08/15/10	199,984	193,522	5.04	3.61
Aa/AA	1,350,000	CREDIT SUISSE FIRST BOSTON USA	5.130	08/15/15	1,342,552	1,263,622	5.48	6.99
B/B	2,250,000	CRESCENT REAL ESTATE EQUITIES	7.500	09/15/07	2,311,875	2,272,500	7.43	1.12
A/A	150,000	DEERE JOHN CAP CORP MTN BK ENT	4.630	04/15/09	149,906	145,975	4.76	2.55
A/A	250,000	DEERE JOHN CAP CORP MTN BK ENT	5.400	04/07/10	249,513	247,488	5.45	3.32
Baa/BBB	200,000	DEVELOPERS DIVERSIFIED RLTY CO	5.380	10/15/12	199,040	191,716	5.61	5.18
A/A	300,000	DOW CAP BV	9.200	06/01/10	365,508	336,455	8.20	3.30
Aaa/AA	2,440,000	EKSPORTFINANS A SA MTN	3.380	01/15/08	2,432,997	2,368,353	3.48	1.45
Aaaa/AA	250,000	EKSPORTFINANS A SA MED TRM NTS	4.750	12/15/08	249,600	246,215	4.82	2.28
B/B	90,000	ENCORE ACQUISITION CO	6.250	04/15/14	90,000	82,800	6.79	5.66
Baa/BBB	1,190,000	EOP OPER LTD PARTNERSHIP	8.100	08/01/10	1,405,914	1,279,014	7.54	3.37
Baa/BBB	945,000	EOP OPER LTD PARTNERSHIP	7.750	11/15/07	1,054,332	969,832	7.55	1.28
Baa/A	261,000	ERP OPER LTD PARTNERSHIP	5.200	04/01/13	261,042	250,334	5.42	5.52
Baa/A	150,000	ERP OPER LTD PARTNERSHIP	5.380	08/01/16	149,270	141,970	5.68	7.44
Aaaa/AAA	1,000,000	EUROPEAN INV'T BK	3.130	10/15/07	992,820	972,941	3.22	1.23
Aaaa/AAA	800,000	EUROPEAN INV'T BK	4.000	03/03/10	799,104	761,631	4.20	3.31
Aaaa/AAA	500,000	EUROPEAN INV'T BK	3.880	08/15/08	498,575	485,660	3.99	1.98
Aaaa/AAA	1,000,000	EUROPEAN INV'T BK	4.500	02/17/09	988,510	978,158	4.60	2.40
Aaaa/AAA	250,000	EUROPEAN INV'T BK	4.880	02/16/16	246,630	236,765	5.15	7.42
A/A	150,000	EXPORT IMPORT BK KOREA	5.130	03/16/15	149,628	140,529	5.48	6.77
A/A	350,000	EXPORT IMPORT BK KOREA EURO	5.250	02/10/14	347,477	332,945	5.52	6.03
Aaaa/AAA	3,000,000	FEDERAL HOME LN MTG CORP	5.250	05/21/09	2,999,610	2,984,974	5.28	2.63
Ba/B	2,440,000	FELCOR LODGING LTD PARTNERSHIP	9.000	06/01/11	2,694,550	2,586,400	8.49	3.98
Aa/AA	200,000	FIFTH THIRD BK CINCINNATI OH	4.750	02/23/10	199,848	190,839	4.98	3.27
A/A	695,000	FIRST UN CORP	6.300	04/15/08	749,717	704,296	6.22	1.66
A/A	2,000,000	FIRST UN INST CAP I	8.040	12/01/26	2,329,860	2,071,768	7.76	1.26
Aa/A	2,000,000	FIRST UN NATL BK NC	7.800	08/18/10	2,172,620	2,155,260	7.24	3.44
Ba/B	4,230,000	FORD MTR CR CO	7.380	10/28/09	4,120,593	3,910,804	7.98	2.82
Ba/B	1,795,000	FORD MTR CR CO	7.250	10/25/11	1,875,524	1,592,309	8.17	4.17
Ba/B	311,000	FORD MTR CR CO	1.000	06/15/11	344,757	312,944	0.99	0.27
Ba/BB	200,000	FOREST CITY ENTERPRISES INC	7.630	06/01/15	200,000	201,500	7.57	4.70
Ba/BB	1,883,000	FOREST CITY ENTERPRISES INC	6.500	02/01/17	1,885,615	1,760,605	6.95	6.54
B/B	6,100,000	GCI INC	7.250	02/15/14	5,989,818	5,886,500	7.51	5.08
Aaaa/AAA	5,700,000	GENERAL ELEC CAP CORP MTN	3.500	05/01/08	5,721,375	5,499,463	3.63	1.73
Aaaa/AAA	500,000	GENERAL ELEC CAP CORP MTN	4.380	11/21/11	489,825	470,324	4.66	4.69
Aaaa/AAA	1,865,000	GENERAL ELEC CAP CORP MTN	3.450	01/15/08	1,864,673	1,863,750	3.45	1.45
Aaaa/AAA	500,000	GENERAL ELEC CAP CORP MTN	4.130	03/04/08	496,340	488,896	4.22	1.57
Aaaa/AAA	250,000	GENERAL ELEC CAP CORP MTN	4.000	06/15/09	246,896	239,025	4.18	2.73
Aaaa/AAA	2,205,000	GENERAL ELEC CAP CORP MTN	4.130	09/01/09	2,148,610	2,110,305	4.32	2.88
Aaaa/AAA	5,420,000	GENERAL ELEC CAP CORP MTN	5.000	11/15/11	5,408,835	5,254,334	5.16	4.61
Aaaa/AAA	2,350,000	GENERAL ELEC CAP CORP MTN	5.000	01/08/16	2,320,647	2,207,464	5.32	7.24
Aaaa/AAA	1,460,000	GENERAL ELEC CAP CORP MTN	7.380	01/19/10	1,660,339	1,541,542	6.99	3.02
Aaaa/AAA	2,000,000	GENERAL ELEC CAP CORP MTN	5.880	02/15/12	2,148,280	2,018,061	5.83	4.64
Aaaa/AAA	335,000	GENERAL ELEC CAP CORP MTN	5.450	01/15/13	334,789	330,457	5.52	5.29
Ba/BB	390,000	GENERAL MTRS ACCEP CORP	6.310	11/30/07	383,140	375,773	6.55	1.31
Ba/BB	910,000	GENERAL MTRS ACCEP CORP	4.380	12/10/07	877,013	872,881	4.57	1.35
Ba/BB	3,700,000	GENERAL MTRS ACCEP CORP	5.620	03/20/07	3,643,575	3,676,875	5.66	0.14
A/A	150,000	GENWORTH FINL INC	4.950	10/01/15	149,774	138,253	5.37	3.79
Aa/AA	75,000	GENWORTH GLOBAL FDG TRS	5.750	05/15/13	74,917	74,310	5.80	5.58
Baa/BBB	3,000,000	GLENCORE FDG LLC	6.000	04/15/14	2,904,032	2,739,870	6.57	5.96
Aa/A	2,235,000	GOLDMAN SACHS GROUP INC	6.650	05/15/09	2,481,185	2,287,559	6.50	2.57
Aa/A	1,000,000	GOLDMAN SACHS GROUP INC	7.350	10/01/09	998,520	1,046,317	7.02	2.83
Aa/A	945,000	GOLDMAN SACHS GROUP INC	6.600	01/15/12	1,012,236	975,729	6.39	4.48
Aa/A	2,000,000	GOLDMAN SACHS GROUP INC	4.750	07/15/13	1,956,600	1,857,604	5.11	5.72
Aa/A	700,000	GOLDMAN SACHS GROUP INC	5.130	01/15/15	697,396	654,302	5.49	6.60
Aa/A	500,000	GOLDMAN SACHS GROUP INC	5.350	01/15/16	483,235	469,747	5.69	7.14
A/A	2,335,000	HANCOCK JOHN FINL SVCS INC	5.630	12/01/08	2,421,255	2,335,421	5.63	2.22
Baa/BBB	100,000	HOSPITALITY PPTYS TR	5.130	02/15/15	99,814	91,747	5.59	6.61
Ba/BB	265,000	HOST MARRIOTT LP	7.000	08/15/12	261,006	262,681	7.06	4.12
Ba/BB	1,350,000	HOST MARRIOTT LP	6.750	06/01/16	1,350,000	1,287,563	7.08	6.50
Aa/AA	110,000	HOUSEHOLD FIN CORP	6.380	08/01/10	115,982	112,237	6.25	3.47
Aa/AA	900,000	HOUSEHOLD FIN CORP	6.500	11/15/08	1,005,264	916,228	6.38	2.16
Aa/AA	1,370,000	HOUSEHOLD FIN CORP	5.880	02/01/09	1,470,832	1,375,038	5.86	2.32
Aa/AA	200,000	HOUSEHOLD FIN CORP	7.200	07/15/06	219,738	200,172	7.19	0.04
Aa/AA	1,055,000	HOUSEHOLD FIN CORP	8.000	07/15/10	1,052,980	1,137,334	7.42	3.34
Aa/AA	10,000	HOUSEHOLD FIN CORP	6.380	10/15/11	10,452	10,228	6.24	4.40

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Finance (continued)								
Aa/AA	10,000	HOUSEHOLD FIN CORP	7.000	05/15/12	10,957	10,536	6.64	4.77
Aa/AA	100,000	HOUSEHOLD FIN CORP	6.380	11/27/12	99,366	102,341	6.23	5.20
Aa/AA	1,000,000	HOUSEHOLD FIN CORP	4.750	07/15/13	995,840	930,978	5.10	5.72
Aa/AA	360,000	HOUSEHOLD FIN CORP	4.750	05/15/09	367,690	350,410	4.88	2.63
Aa/AA	2,000,000	HOUSEHOLD FIN CORP	4.130	11/16/09	1,995,870	1,898,878	4.35	3.08
Aa/A	1,000,000	HSBC BK USA NEW YORK NY	4.630	04/01/14	986,940	913,431	5.07	6.28
A/A	250,000	HSBC FIN CAP TR IX	5.910	11/30/35	252,325	238,580	6.19	7.05
Aa/AA	1,000,000	HSBC FIN CORP	5.250	01/14/11	1,002,580	977,363	5.37	3.88
Aa/AA	500,000	HSBC FIN CORP MTN	4.130	03/11/08	498,730	488,392	4.23	1.59
A/A	150,000	ING GROEP NV	5.780	12/29/49	152,286	142,337	6.09	7.11
Aaaa/NR	150,000	INTER AMERN DEV BK GLOBAL	4.380	10/19/07	149,909	148,247	4.43	1.24
Aaaa/AAA	400,000	INTERNATIONAL FIN CORP	4.000	06/15/10	397,824	381,705	4.19	3.59
Aaaa/AAA	100,000	INTERNATIONAL FIN CORP	5.130	05/02/11	99,682	99,279	5.17	4.19
A/AA	200,000	INTERNATIONAL LEASE FIN CORP	4.750	01/13/12	202,284	188,749	5.03	4.66
A/AA	500,000	INTERNATIONAL LEASE FIN CORP	4.880	09/01/10	502,070	482,042	5.06	3.65
A/AA	500,000	INTL LEASE FIN CORP MTN	5.250	01/10/13	494,195	478,952	5.48	5.37
Baa/BBB	320,000	ISTAR FINL INC	5.150	03/01/12	316,019	305,178	5.40	4.74
Baa/BBB	100,000	ISTAR FINL INC	5.880	03/15/16	99,896	95,677	6.15	7.12
Baa/BBB	100,000	ISTAR FINL INC	5.650	09/15/11	99,956	97,949	5.77	4.35
A/A	675,000	JP MORGAN CHASE & CO	5.750	01/02/13	689,392	671,375	5.78	5.21
Aa/A	1,335,000	JP MORGAN CHASE & CO	5.350	03/01/07	1,423,846	1,333,489	5.36	0.64
Aa/A	1,000,000	JP MORGAN CHASE & CO	4.000	02/01/08	1,004,830	976,924	4.09	1.49
Aa/A	50,000	JP MORGAN CHASE & CO	3.630	05/01/08	48,795	48,332	3.76	1.73
Aa/A	7,600,000	JP MORGAN CHASE & CO	3.500	03/15/09	7,515,306	7,191,036	3.70	2.50
A/A	1,270,000	JP MORGAN CHASE & CO	4.890	09/01/15	1,263,534	1,222,858	5.08	3.64
Aa/A	1,000,000	JP MORGAN CHASE & CO	4.500	01/15/12	991,500	940,579	4.78	4.70
Aa/A	750,000	JP MORGAN CHASE & CO	4.750	03/01/15	736,375	686,698	5.19	6.82
Aa/A	250,000	JP MORGAN CHASE & CO	4.600	01/17/11	244,168	239,022	4.81	3.94
Aa/A	1,000,000	JP MORGAN CHASE & CO	5.600	06/01/11	999,580	994,697	5.63	4.22
A/A	2,180,000	KEY BK NA MED TERM NTS BK ENTR	4.410	03/18/08	2,179,934	2,137,919	4.50	1.60
A/NR	250,000	KEYBANK NATL ASSN MTN	5.450	03/03/16	249,940	237,011	5.75	7.26
Aaaa/AAA	250,000	KREDITANSTALT FUR WIEDERAUFBAU	3.750	01/24/08	249,950	243,605	3.85	1.46
Aaaa/AAA	1,000,000	KREDITANSTALT FUR WIEDERAUFBAU	3.500	03/14/08	997,000	967,824	3.62	1.61
Aaaa/AA	1,850,000	LANDESKREDITBANK BADEN	4.250	09/15/10	1,846,707	1,768,218	4.45	3.74
A/A	1,250,000	LEHMAN BROTHERS HLDGS INC	4.000	01/22/08	1,266,513	1,220,961	4.10	1.46
A/A	150,000	LEHMAN BROTHERS HLDGS INC	5.000	01/14/11	149,967	145,795	5.14	3.89
A/A	750,000	LEHMAN BROTHERS HLDGS INC	5.750	04/25/11	749,559	745,141	5.79	3.24
A/A	100,000	LEHMAN BROTHERS HLDGS INC	5.750	05/17/13	99,749	98,805	5.82	5.56
A/A	745,000	LEHMAN BROTHERS HLDGS INC	4.380	11/30/10	747,190	706,753	4.62	3.92
A/A	500,000	LEHMAN BROTHERS HLDGS INC	4.800	03/13/14	497,245	463,434	5.18	6.20
Baa/BBB	100,000	LIBERTY PPTY LTD PARTNERSHIP	5.130	03/02/15	99,626	92,508	5.55	6.71
Baa/A	910,000	LINCOLN NATL CORP IN	7.000	05/17/66	906,573	902,938	7.05	7.00
Aa/A	150,000	M & I MARSHALL & ILSLEY BK	4.400	03/15/10	149,585	143,576	4.60	3.31
Baa/BBB	150,000	MARSH & MCLENNAN COS INC	5.150	09/15/10	147,335	145,169	5.32	3.66
Baa/BBB	200,000	MARSH & MCLENNAN COS INC	5.750	09/15/15	195,558	190,015	6.05	6.88
A/A	1,610,000	MARSHALL & ILSLEY CORP	4.380	08/01/09	1,629,745	1,552,867	4.54	2.78
Aa/AA	650,000	MBNA CORP SR MTN	5.000	05/04/10	661,869	635,751	5.11	3.41
A/A	500,000	MERRILL LYNCH & CO INC	6.050	05/16/16	494,510	495,154	6.11	7.31
Aa/A	1,500,000	MERRILL LYNCH & CO INC	6.000	02/17/09	1,607,520	1,514,426	5.94	2.36
Aa/A	525,000	MERRILL LYNCH & CO INC	3.380	09/14/07	524,785	512,251	3.46	1.15
Aa/A	500,000	MERRILL LYNCH & CO INC	5.000	01/15/15	502,840	464,190	5.39	6.64
Aa/A	150,000	MERRILL LYNCH & CO INC	4.830	10/27/08	150,000	147,607	4.91	2.15
A/A	1,000,000	METLIFE INC	5.000	06/15/15	997,290	926,433	5.40	7.04
A/A	1,525,000	MONY GROUP INC	8.350	03/15/10	1,796,801	1,660,901	7.67	3.12
A/A	790,000	MORGAN JP & CO INC	5.750	10/15/08	845,237	792,312	5.73	2.09
A/A	745,000	MORGAN STANLEY	4.750	04/01/14	730,107	681,981	5.19	6.25
Aa/A	1,275,000	MORGAN STANLEY	3.880	01/15/09	1,271,264	1,221,550	4.05	2.33
Aa/A	2,000,000	MORGAN STANLEY	4.000	01/15/10	1,988,730	1,890,180	4.23	3.18
Aa/A	1,720,000	MORGAN STANLEY	5.050	01/21/11	1,713,688	1,669,580	5.20	3.87
Aa/A	1,950,000	MORGAN STANLEY DEAN WITTER	6.600	04/01/12	2,104,501	2,017,119	6.38	4.69
Aa/A	325,000	MORGAN STANLEY GROUP INC	6.750	04/15/11	348,624	337,534	6.50	4.01
Aa/A	750,000	MORGAN STANLEY GROUP INC	3.630	04/01/08	735,308	725,561	3.75	1.65
Aa/A	5,165,000	MORGAN STANLEY GROUP INC	4.910	03/07/08	5,165,000	5,171,517	4.90	0.18
A/A	3,550,000	NATIONAL RURAL UTILS COOP FIN	5.750	08/28/09	3,771,923	3,567,002	5.72	2.80
Aa/A	350,000	NATIONSBANK CORP	7.750	08/15/15	402,063	393,466	6.89	6.50
Aa/A	150,000	NATIONWIDE BLDG SOC	2.630	01/30/07	146,844	147,433	2.68	0.56
Aa/A	180,000	NATIONWIDE BLDG SOC	4.250	02/01/10	179,575	171,507	4.46	3.21

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Finance (continued)								
Aa/A	875,000	NATIONWIDE BLDG SOC MT SR 144A	3.500	07/31/07	873,504	855,165	3.58	1.03
Aa/A	250,000	NATL CITY BK CLEVELAND OH MTBN	4.500	03/15/10	250,000	240,361	4.68	3.31
Ba/BB	2,165,000	OMEGA HEALTHCARE INV'S INC	7.000	04/01/14	2,142,319	2,045,925	7.41	5.37
A/A	200,000	PNC FDG CORP	4.200	03/10/08	198,768	195,320	4.30	1.58
A/A	150,000	PNC FDG CORP	4.500	03/10/10	148,428	144,090	4.68	3.29
A/BBB	200,000	POPULAR NORTH AMER INC MTN	3.880	10/01/08	198,310	191,623	4.05	2.09
Aaa/AA	710,000	PRIVATE EXPT FDG CORP	4.550	05/15/15	709,446	661,446	4.88	7.11
Baa/BBB	150,000	PROLOGIS	5.630	11/15/15	149,031	142,826	5.91	7.10
Baa/BBB	590,000	PROLOGIS	5.500	04/01/12	586,749	577,034	5.62	4.78
A/A	575,000	PRUDENTIAL FINL INC	4.100	11/15/06	576,259	572,367	4.12	0.37
A/A	200,000	PRUDENTIAL FINL INC	5.500	03/15/16	195,858	191,814	5.73	7.29
A/A	300,000	PRUDENTIAL FINL INC MTN	4.750	06/13/15	299,505	274,090	5.20	6.89
Caa/B	2,232,000	R H DONNELLEY CORP	6.880	01/15/13	2,172,000	2,053,440	7.48	4.78
Aa/AA	470,000	RABOBANK CAPITAL FUND III TR	5.250	12/29/49	470,931	430,562	5.73	7.67
Aa/AA	60,000	RABOBANK CAPITAL FUND II	5.260	12/31/49	61,088	56,296	5.61	6.06
A/A	360,000	RBS CAP TR I	4.710	12/29/49	344,473	325,397	5.21	5.80
Baa/BBB	50,000	REGENCY CTRS L P	5.250	08/01/15	49,929	47,045	5.58	6.91
Baa/BBB	100,000	RESIDENTIAL CAP CORP	6.880	06/30/15	102,730	98,744	6.97	6.64
Baa/BBB	1,170,000	RESIDENTIAL CAP CORP	6.380	06/30/10	1,196,902	1,150,713	6.49	3.47
Baa/BBB	200,000	RESIDENTIAL CAP CORP	6.000	02/22/11	200,254	193,105	6.21	3.89
Baa/BBB	350,000	RESIDENTIAL CAP CORP	6.500	04/17/13	346,185	341,513	6.66	5.34
Ba/BB	900,000	ROUSE CO	5.380	11/26/13	868,154	807,588	6.00	5.88
Ba/BB	600,000	ROUSE CO	3.630	03/15/09	563,004	557,550	3.91	2.49
Ba/BB	250,000	ROUSE CO LP	6.750	05/01/13	249,220	243,478	6.93	5.32
Baa/BBB	300,000	SB TREAS CO LLC	9.400	12/29/49	346,587	318,669	8.85	1.82
Baa/A	1,000,000	SIMON PPTY GROUP LP	4.880	08/15/10	1,009,880	964,401	5.06	3.60
Baa/A	1,000,000	SIMON PPTY GROUP LP	5.380	08/28/08	1,012,740	991,133	5.43	1.97
Baa/A	480,000	SIMON PPTY GROUP LP	5.750	05/01/12	478,843	475,268	5.81	4.78
A/A	500,000	SLM CORP	5.000	10/01/13	505,115	472,992	5.29	5.89
A/A	1,630,000	SLM CORP	4.540	04/01/09	1,630,000	1,565,485	4.73	(0.06)
A/A	1,320,000	SLM CORP	4.500	07/26/10	1,316,291	1,260,404	4.71	3.58
A/A	550,000	SLM CORP MEDIUM TERM NTS BOOK	4.000	01/15/10	540,697	519,800	4.23	3.18
A/A	150,000	ST PAUL TRAVELERS COS INC	5.500	12/01/15	151,056	143,424	5.75	7.17
Aa/A	150,000	SUNTRUST BK ATL GA MED TERM	5.000	09/01/15	149,799	139,558	5.37	7.09
Aa/A	240,000	SUNTRUST BKS INC	3.630	10/15/07	239,585	234,405	3.72	1.23
Aa/A	525,000	SUNTRUST BKS INC	4.000	10/15/08	529,762	507,077	4.14	2.13
Aa/AA	750,000	SWEDISH EXPT CR CORP	2.880	01/26/07	747,645	739,284	2.92	0.55
A/A	150,000	TEXTRON FINL CORP MEDIUM TERM	4.600	05/03/10	149,979	144,232	4.78	3.43
Aaa/AAA	740,000	TIAA GLOBAL MKTS INC	3.880	01/22/08	751,175	720,364	3.99	1.46
Baa/BBB	150,000	TOLL BROS FIN CORP	5.150	05/15/15	146,628	131,540	5.87	6.82
NR/AAA	1,200,000	TOYOTA MTR CR CORP	5.450	05/18/11	1,197,564	1,197,721	5.46	4.21
Aaa/AAA	350,000	TOYOTA MTR CR CORP	4.250	03/15/10	348,264	335,532	4.43	3.32
A/A	150,000	TRANSATLANTIC HLDS INC	5.750	12/14/15	152,717	144,309	5.98	7.16
B/B	1,850,000	TRUSTREET PPTYS INC	7.500	04/01/15	1,850,000	1,822,250	7.61	5.52
Aa/AA	740,000	US BANCORP	3.130	03/15/08	738,564	710,770	3.26	1.61
Aa/AA	2,130,000	US BANCORP MTN BK ENT	5.100	07/15/07	2,214,029	2,122,383	5.12	0.98
Aa/AA	540,000	US BANCORP MTN BK ENT	5.300	04/28/09	539,525	535,546	5.34	2.56
Aa/AA	530,000	US BK NATL ASSN CINCINNATI	2.870	02/01/07	529,539	521,876	2.91	0.57
Aa/AA	395,000	US BK NATL ASSN MINNEAPOLIS	6.380	08/01/11	432,798	406,714	6.20	4.21
A/AA	200,000	UBS PFD FDG TR V	6.240	05/12/49	194,880	197,034	6.33	7.23
A/AA	275,000	UBS PFD FDG TRI	8.620	10/29/49	332,175	300,828	7.88	3.51
A/A	150,000	UNION BK CALIF	5.950	05/11/16	149,247	147,344	6.06	7.33
A/A	500,000	UNITEDHEALTH GROUP INC	4.130	08/15/09	497,990	477,283	4.33	2.83
Aa/AA	835,000	US BK NATL ASSN CINCINNATI OH	2.400	03/12/07	836,511	817,513	2.45	0.67
Aa/AA	675,000	US BK NATL ASSN CINCINNATI OH	4.400	08/15/08	675,000	659,743	4.50	1.96
Aa/A	495,000	USB CAP IX	6.190	04/15/42	489,283	484,056	6.33	14.83
Ba/BB	400,000	VENTAS RLTY LTD PARTNERSHIP	6.630	10/15/14	400,000	388,000	6.84	5.53
Ba/BB	1,087,000	VENTAS RLTY LTD PARTNERSHIP	7.130	06/01/15	1,087,000	1,087,000	7.13	5.60
Aa/A	1,000,000	WACHOVIA BK NATL ASSN	4.880	02/01/15	1,002,863	925,830	5.27	6.72
Aa/AA	500,000	WACHOVIA BK NATL ASSN MEDIUM	4.380	08/15/08	500,800	488,451	4.48	1.96
A/A	3,110,000	WACHOVIA CAP TR III	5.800	03/15/42	3,049,768	3,017,944	5.98	3.96
Aa/A	1,000,000	WACHOVIA CORP 2ND NEW	3.630	02/17/09	985,460	952,473	3.81	2.43
A/A	1,000,000	WASHINGTON MUT BK FA CHATSWORT	5.650	08/15/14	1,022,290	963,672	5.86	6.27
A/A	500,000	WASHINGTON MUT INC	4.200	01/15/10	495,540	475,262	4.42	3.16
A/A	2,000,000	WASHINGTON MUT INC	5.000	03/22/12	1,925,520	1,906,408	5.25	4.82
Baa/BBB	350,000	WELLPOINT INC	4.250	12/15/09	348,390	333,172	4.46	3.15
Baa/BBB	375,000	WELLPOINT INC	5.950	12/15/34	374,006	338,190	6.60	13.09

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Finance (continued)								
Aa/AA	710,000	WELLS FARGO & CO	4.880	01/12/11	708,534	687,444	5.04	3.91
Aa/AA	2,000,000	WELLS FARGO & CO NEW	3.130	04/01/09	1,930,320	1,874,689	3.34	2.56
Aa/AA	370,000	WELLS FARGO & CO NEW	4.200	01/15/10	363,947	352,946	4.40	3.17
Aa/AA	1,415,000	WELLS FARGO & CO NEW	4.630	08/09/10	1,412,312	1,361,521	4.81	3.61
Aa/AA	595,000	WELLS FARGO & CO NEW	6.380	08/01/11	654,946	612,381	6.20	4.20
Aa/AA	750,000	WELLS FARGO BK NATL ASSN	4.750	02/09/15	749,288	690,863	5.16	6.77
Aa/AA	5,200,000	WELLS FARGO BK NATL ASSN	5.750	05/16/16	5,164,900	5,106,954	5.85	7.40
Ba/BB	965,000	WILLIAMS COS INC	7.930	05/01/09	1,008,425	974,650	7.85	0.10
Ba/BB	4,150,000	WILLIAMS COS INC CR CTF TR III	6.750	04/15/09	4,357,500	4,108,500	6.82	2.47
Baa/BBB	250,000	ZIONS BANCORP	5.500	11/16/15	247,973	238,560	5.76	7.15
		Total Finance			318,504,793	306,124,824		
Industrials								
A/A	620,000	360 COMMUNICATIONS CO	7.600	04/01/09	704,146	645,942	7.29	2.43
A/AA	2,000,000	ABBOTT LABS	5.400	09/15/08	2,136,400	1,994,735	5.41	2.02
A/AA	350,000	ABBOTT LABS	5.600	05/15/11	347,746	349,627	5.61	4.18
A/AA	1,350,000	ABBOTT LABS	5.880	05/15/16	1,346,482	1,346,236	5.90	7.36
B/B	1,506,000	ADESA INC	7.630	06/15/12	1,556,895	1,479,645	7.77	4.13
A/A	855,000	AETNA INC	6.630	06/15/36	853,324	844,482	6.71	12.92
B/BB	173,930	AIR 2 US	8.030	10/01/19	88,052	174,365	8.01	7.96
Ba/BB	395,000	AIRGAS INC	6.250	07/15/14	403,394	369,325	6.68	5.62
Baa/A	170,000	ALBERTA ENERGY LTD	7.650	09/15/10	198,788	181,830	7.15	3.52
A/A	1,775,000	ALCOA INC	6.000	01/15/12	1,941,087	1,789,628	5.95	4.54
A/A	125,000	ALLERGAN INC	5.750	04/01/16	122,900	119,600	6.01	7.27
B/B	271,000	ALLIANT TECHSYSTEMS INC	6.750	04/01/16	271,000	260,838	7.01	6.34
B/B	500,000	ALLIED WASTE NORTH AMER INC	5.750	02/15/11	480,000	466,250	6.17	3.87
B/B	2,150,000	ALLIED WASTE NORTH AMER INC	7.130	05/15/16	2,131,145	2,026,375	7.56	6.48
Baa/BBB	180,000	ALTRIA GROUP INC	7.000	11/04/13	180,971	190,011	6.63	5.69
Ba/BBB	175,000	AMERADA HESS CORP	6.650	08/15/11	190,988	179,860	6.47	4.21
Ba/BBB	1,645,000	AMERADA HESS CORP	7.300	08/15/31	1,799,314	1,743,223	6.89	11.60
Ba/BBB	1,450,000	AMERICAN GREETINGS CORP	7.380	06/01/16	1,455,874	1,457,250	7.34	6.13
A/A	750,000	AMGEN INC	4.850	11/18/14	754,140	701,442	5.19	6.70
Baa/BBB	560,000	ANADARKO FIN CO	6.750	05/01/11	632,212	575,622	6.57	4.05
A/A	1,250,000	ANHEUSER BUSCH COS INC	4.700	04/15/12	1,283,500	1,187,476	4.95	4.93
Baa/BBB	340,000	AOL TIME WARNER INC	7.700	05/01/32	375,461	364,340	7.19	11.64
A/A	575,000	APACHE CORP	6.250	04/15/12	626,520	591,936	6.07	4.76
NR/NR	46,600	ARAN SHIPPING & TRADING SA	8.300	01/31/04	0	466	N/A	
A/A	250,000	ARCHER DANIELS MIDLAND CO	8.130	06/01/12	301,265	278,678	7.29	4.72
B/B	3,022,000	ASBURY AUTOMOTIVE GROUP INC	8.000	03/15/14	2,963,945	2,931,340	8.25	5.02
Baa/BBB	1,050,000	AT&T BROADBAND CORP	8.380	03/15/13	1,248,538	1,169,231	7.53	5.08
Baa/A	165,000	AT&T WIRELESS	8.130	05/01/12	200,064	181,144	7.41	4.63
B/B	995,000	ATLAS PIPELINE PARTNERS L P	8.130	12/15/15	996,660	991,269	8.16	5.83
B/B	408,000	ATLAS PIPELINE PARTNERS L P	8.130	12/15/15	420,240	406,470	8.16	5.81
Ba/BB	1,827,000	AUTONATION INC DEL	7.000	04/15/14	1,837,090	1,799,595	7.11	5.26
Baa/A	150,000	BARRICK GOLD FIN CO	4.880	11/15/14	150,497	139,976	5.23	6.68
Baa/A	50,000	BEMIS CO INC	4.880	04/01/12	49,814	47,262	5.16	4.86
Ba/BB	50,000	BIO RAD LABORATORIES INC	7.500	08/15/13	52,750	50,250	7.46	4.30
Ba/BB	155,000	BIO RAD LABORATORIES INC	6.130	12/15/14	155,000	142,213	6.68	6.11
B/B	1,675,000	BIOVAIL CORP	7.880	04/01/10	1,712,688	1,695,938	7.78	1.93
B/B	1,045,000	BLOUNT INC	8.880	08/01/12	1,099,863	1,039,775	8.92	3.88
Ba/BBB	450,000	BNSF FDG TR I	6.610	12/15/55	430,610	422,415	7.04	10.29
A/A	1,500,000	BOEING CAP CORP	6.500	02/15/12	1,566,715	1,551,612	6.28	4.58
Baa/BBB	150,000	BOSTON SCIENTIFIC CORP	5.500	11/15/15	152,340	146,083	5.65	7.15
B/B	1,620,000	BOWATER CDA FIN CORP	7.950	11/15/11	1,753,650	1,539,000	8.37	4.21
B/B	307,000	BOYD GAMING CORP	7.130	02/01/16	306,490	296,639	7.38	6.03
B/B	220,000	BOYD GAMING CORP	7.750	12/15/12	228,800	221,925	7.68	3.91
Ba/BBB	135,000	BRIGGS & STRATTON CORP	8.880	03/15/11	151,689	145,800	8.22	3.76
A/A	1,490,000	BRISTOL MYERS SQUIBB CO	5.750	10/01/11	1,595,343	1,486,180	5.76	4.42
B/BB	1,719,000	BROWN SHOE INC NEW	8.750	05/01/12	1,768,063	1,766,273	8.52	3.96
B/B	4,000,000	BUCKEYE TECHNOLOGIES INC	8.500	10/01/13	4,251,250	3,800,000	8.95	4.86
Baa/BBB	1,150,000	BURLINGTON NORTH SANTA FE CORP	4.880	01/15/15	1,146,332	1,070,910	5.24	6.68
A/A	625,000	BURLINGTON RES FIN CO	5.600	12/01/06	676,350	625,287	5.60	0.41
A/A	1,745,000	BURLINGTON RES FIN CO	6.500	12/01/11	1,918,931	1,804,932	6.28	4.52
Baa/BBB	100,000	CAESARS ENTMT INC	7.000	04/15/13	110,506	101,565	6.89	5.28
Baa/BBB	250,000	CANADIAN NAT RES LTD	4.900	12/01/14	249,740	229,893	5.33	6.71
Ba/BB	1,950,000	CASCADES INC	7.250	02/15/13	2,044,466	1,803,750	7.84	4.78
Ba/BB	3,520,000	CASE CORP	7.250	01/15/16	3,450,908	3,326,400	7.67	6.49

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Industrials (continued)								
Ba/BB	1,680,000	CASE NEW HOLLAND INC	9.250	08/01/11	1,798,863	1,768,200	8.79	2.26
B/B	1,464,000	CDA INC/CAN WEST MEDIA	8.000	09/15/12	1,577,460	1,449,360	8.08	4.46
Baa/BBB	240,000	CENDANT CORP	7.380	01/15/13	277,915	259,232	6.83	5.07
Baa/BBB	125,000	CENTERPOINT ENERGY RES CORP	7.880	04/01/13	147,366	136,668	7.21	5.18
Baa/BBB	1,600,000	CENTEX CORP	4.550	11/01/10	1,597,504	1,488,497	4.89	3.82
Baa/BBB	200,000	CENTEX CORP	5.250	06/15/15	199,688	177,982	5.90	6.91
B/B	2,125,000	CENTRAL GARDEN & PET CO	9.130	02/01/13	2,326,625	2,188,750	8.86	3.47
B/B	3,668,000	CENVEO CORPORATION	7.880	12/01/13	3,582,680	3,576,300	8.08	4.93
B/B	2,460,000	CHAPARRAL STL CO DEL	10.000	07/15/13	2,460,000	2,681,400	9.17	3.56
B/B	360,000	CHARTER COMMUNICATIONS OPER LL	8.000	04/30/12	360,000	358,200	8.04	4.52
Ba/B	2,750,000	CHEMED CORP NEW	8.750	02/24/11	2,874,375	2,887,500	8.33	1.46
Ba/BB	3,500,000	CHESAPEAKE ENERGY CORP	6.880	01/15/16	3,520,000	3,307,500	7.28	5.88
Ba/BB	731,000	CHESAPEAKE ENERGY CORP	6.250	01/15/18	723,127	667,038	6.85	7.09
Aa/AA	1,145,000	CHEVRON TEXACO CAP CO	3.500	09/17/07	1,148,504	1,118,937	3.58	1.16
Aa/AA	3,770,000	CHEVRON TEXACO CAP CO	3.380	02/15/08	3,760,237	3,648,922	3.49	1.53
B/B	1,500,000	CHIQUITA BRANDS INTL INC	7.500	11/01/14	1,500,000	1,252,500	8.98	5.73
B/B	1,304,000	CHIQUITA BRANDS INTL INC	8.880	12/01/15	1,213,943	1,154,040	10.03	5.92
A/A	1,325,000	CISCO SYS INC	5.250	02/22/11	1,325,029	1,299,408	5.35	3.99
A/A	400,000	CISCO SYS INC	5.500	02/22/16	398,104	383,434	5.74	7.22
Ba/BB	2,350,000	CITIZENS COMMUNICATIONS CO	9.250	05/15/11	2,602,625	2,526,250	8.60	3.88
Ba/BB	1,259,000	CITIZENS COMMUNICATIONS CO	7.630	08/15/08	1,284,810	1,287,328	7.46	1.89
Baa/BBB	1,060,000	CLEAR CHANNEL COMMUNICATIONS	4.630	01/15/08	1,072,828	1,034,230	4.75	1.43
Baa/BBB	300,000	CLEAR CHANNEL COMMUNICATIONS	4.250	05/15/09	288,324	281,684	4.53	2.63
Baa/BBB	220,000	CLEAR CHANNEL COMMUNICATIONS	4.900	05/15/15	196,639	187,310	5.76	6.87
Baa/BBB	495,000	CLEAR CHANNEL COMMUNICATIONS	5.500	09/15/14	463,985	444,904	6.12	6.30
Baa/BBB	100,000	CLEAR CHANNEL COMMUNICATIONS	6.250	03/15/11	99,546	98,032	6.38	3.94
A/A	200,000	CLOROX CO	5.000	01/15/15	204,610	186,378	5.37	6.65
B/B	1,245,000	COLUMBUS MCKINNON CORP NY	8.880	11/01/13	1,259,925	1,269,900	8.71	4.59
Baa/BBB	775,000	COMCAST CABLE COMMUNICATIONS	6.880	06/15/09	863,629	795,623	6.70	2.64
Baa/BBB	805,000	COMCAST CABLE COMMUNICATIONS	6.750	01/30/11	786,107	828,596	6.56	3.81
Baa/BBB	285,000	COMCAST CORP	6.500	01/15/15	298,180	286,578	6.46	6.32
Baa/BBB	185,000	COMCAST CORP	7.050	03/15/33	203,135	185,755	7.02	11.90
Baa/BBB	1,000,000	COMCAST CORP NEW	5.300	01/15/14	1,009,220	937,435	5.65	5.93
Baa/BBB	1,000,000	COMCAST CORP NEW	5.850	11/15/15	952,550	957,699	6.11	7.04
Baa/BBB	285,000	COMCAST CORP NEW	6.500	11/15/35	284,290	267,986	6.91	12.59
Baa/BBB	1,075,000	COMCAST CORP NEW	5.900	03/15/16	1,051,040	1,030,466	6.15	7.12
Ba/B	755,000	COMMERCIAL VEH GROUP INC	8.000	07/01/13	765,588	722,913	8.36	4.70
B/B	3,500,000	COMMUNICATIONS & PWR INDS INC	8.000	02/01/12	3,567,500	3,535,000	7.92	3.46
B/B	2,000,000	COMSTOCK RES INC	6.880	03/01/12	2,005,500	1,867,500	7.37	4.27
A/A	1,280,000	CONOCO FDG CO	6.350	10/15/11	1,421,211	1,317,140	6.17	4.41
A/A	5,000	CONOCO INC	6.950	04/15/29	5,603	5,476	6.35	11.78
A/A	1,215,000	CONOCO PHILLIPS	4.750	10/15/12	1,182,342	1,149,793	5.02	5.29
Ba/BB	4,000,000	CONSOL ENERGY INC	7.880	03/01/12	4,380,000	4,130,000	7.63	4.42
Ba/B	690,000	CONSTELLATION BRANDS INC	8.130	01/15/12	721,665	708,975	7.91	2.61
Baa/BBB	100,000	CONVERGYS CORP	4.880	12/15/09	99,166	96,132	5.08	3.12
Baa/BBB	745,000	COORS BREWING CO	6.380	05/15/12	821,854	756,966	6.28	4.82
B/B	779,000	COPANO ENERGY LLC	8.130	03/01/16	796,425	775,105	8.17	5.79
B/CCC	1,725,000	CORNELL COMPANIES INC	10.750	07/01/12	1,732,704	1,834,969	10.11	3.03
Ba/BB	175,000	CORRECTIONS CORP AMER NEW	7.500	05/01/11	176,013	176,313	7.44	3.00
Ba/BB	1,300,000	CORRECTIONS CORP AMER NEW	6.250	03/15/13	1,303,125	1,222,000	6.65	4.97
Ba/BB	365,000	CORRECTIONS CORP AMER NEW	6.750	01/31/14	365,000	350,400	7.03	5.25
Baa/BBB	275,000	COX COMMUNICATIONS INC NEW	7.750	11/01/10	296,340	290,113	7.35	3.63
Baa/BBB	500,000	COX COMMUNICATIONS INC NEW	5.450	12/15/14	500,000	459,374	5.93	6.59
Baa/BBB	500,000	COX COMMUNICATIONS INC NEW	4.630	01/15/10	500,000	474,616	4.88	3.13
B/B	828,000	CROWN AMERS LLC	7.630	11/15/13	828,000	813,510	7.77	5.00
B/B	3,244,000	CSC HLDS INC	8.130	07/15/09	3,292,515	3,300,770	7.99	2.56
B/B	2,135,000	CSK AUTO INC	7.000	01/15/14	2,099,663	2,135,000	7.00	4.62
Baa/BBB	500,000	CSX CORP	6.300	03/15/12	547,275	510,886	6.17	4.67
Baa/BBB	250,000	D R HORTON INC	5.380	06/15/12	240,560	232,825	5.78	4.97
Baa/BBB	50,000	D R HORTON INC	6.000	04/15/11	49,871	48,708	6.16	4.04
Baa/BBB	50,000	D R HORTON INC	6.500	04/15/16	49,899	47,937	6.78	7.02
A/BBB	665,000	DAIMLER CHRYSLER NA HLGD CORP	4.750	01/15/08	662,472	654,147	4.83	1.43
A/BBB	5,300,000	DAIMLER CHRYSLER NA HLGD CORP	5.750	05/18/09	5,278,959	5,250,554	5.80	2.60
A/BBB	405,000	DAIMLER CHRYSLER NA HLGD CORP	4.050	06/04/08	403,825	391,055	4.19	1.81
A/BBB	1,500,000	DAIMLER CHRYSLER NA HLGD CORP	5.880	03/15/11	1,497,750	1,473,812	5.98	3.98
B/B	2,000,000	DAVITA INC	7.250	03/15/15	2,032,500	1,920,000	7.55	5.71
Ba/BB	2,030,000	DEAN FOODS CO NEW	7.000	06/01/16	1,998,281	1,964,025	7.24	6.97

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Industrials (continued)								
NR/NR	1,000,000	DECORATIVE HOME ACCENTS INC	13.000	06/30/02	1,000,000	1		NA
B/B	4,990,000	DEL MONTE CORP	8.630	12/15/12	5,464,543	5,139,700	8.38	3.45
B/B	286,000	DEL MONTE CORP	6.750	02/15/15	286,000	265,265	7.28	5.91
B/B	2,125,000	DENBURY RES INC DEL	7.500	04/01/13	2,163,125	2,125,000	7.50	4.20
Baa/BBB	765,000	DEVON ENERGY CORP	7.950	04/15/32	955,511	881,510	6.90	11.74
Baa/BBB	620,000	DEVON FING CORP U L C	6.880	09/30/11	705,703	645,344	6.61	4.31
B/B	98,000	DEX MEDIA INC	8.000	11/15/13	100,940	98,490	7.96	4.53
B/B	1,660,000	DEX MEDIA INC	1.000	11/15/13	1,391,244	1,398,550	1.19	4.72
B/B	3,115,000	DEX MEDIA INC	0.000	11/15/13	2,535,148	2,624,388	0.00	4.72
Baa/A	250,000	DIAMOND OFFSHORE DRILLING INC	4.880	07/01/15	249,463	228,914	5.33	6.92
Ba/BB	2,120,000	DIRECTV HLDGS LLC	6.380	06/15/15	2,098,285	1,955,700	6.92	6.32
Baa/A	300,000	DONNELLEY RR & SONS CO	4.950	05/15/10	299,205	287,466	5.17	3.44
Baa/A	300,000	DONNELLEY RR & SONS CO	5.500	05/15/15	299,505	276,590	5.97	6.79
A/A	150,000	DOVER CORP	4.780	10/15/15	149,004	138,933	5.16	7.23
A/A	300,000	DOW CHEM CO	5.970	01/15/09	323,073	302,523	5.92	2.27
B/B	2,104,000	DRESSER RAND GROUP INC	1.000	11/01/14	2,151,340	2,009,320	1.05	5.56
B/B	1,161,000	DRS TECHNOLOGIES INC	6.630	02/01/16	1,161,000	1,123,268	6.85	6.19
B/B	1,000,000	DRS TECHNOLOGIES INC	6.880	11/01/13	960,000	962,500	7.15	5.07
B/B	261,000	DRS TECHNOLOGIES INC	7.630	02/01/18	261,000	259,695	7.67	6.28
A/A	1,565,000	DU PONT EI DE NEMOURS & CO	6.880	10/15/09	1,768,419	1,618,654	6.65	2.89
NR/A	100,000	DUN & BRADSTREET CORP DEL NEW	5.500	03/15/11	99,741	98,259	5.60	4.02
Ba/B	968,000	DYCOM INVT INC	8.130	10/15/15	968,000	970,420	8.11	5.60
B/B	1,771,000	DYNEGY HLDGS INC	8.380	05/01/16	1,767,250	1,744,435	8.51	6.48
B/B	975,000	EASTMAN KODAK CO	7.250	11/15/13	1,018,004	939,003	7.53	5.54
A/A	50,000	EATON CORP	5.750	07/15/12	53,972	49,631	5.79	4.92
Ba/BB	2,200,000	ECHOSTAR DBS CORP	6.630	10/01/14	2,200,000	2,068,000	7.05	6.09
Ba/BBB	985,000	ELECTRONIC DATA SYS CORP	7.130	10/15/09	1,035,206	1,017,259	6.90	2.87
Ba/BBB	250,000	ELECTRONIC DATA SYS CORP NEW	6.000	08/01/13	255,028	246,630	6.08	5.45
B/B	345,000	ELIZABETH ARDEN INC	7.750	01/15/14	351,075	338,963	7.89	4.82
B/B	2,175,000	ELLIS PERRY INTL INC	8.880	09/15/13	2,333,625	2,131,500	9.06	4.59
A/A	1,110,000	EMERSON ELEC CO	7.130	08/15/10	1,292,562	1,172,894	6.75	3.47
B/B	1,515,000	ENCORE ACQUISITION CO	6.000	07/15/15	1,487,124	1,363,500	6.67	6.36
B/B	1,257,000	ENERGY PARTNERS LTD	8.750	08/01/10	1,294,278	1,209,863	9.09	3.09
Baa/BB	400,000	ENTERPRISE PRODS OPER LP	6.380	02/01/13	429,356	398,799	6.40	5.18
Ba/B	163,000	ENTERCOM RADIO LLC / ENTERCOM	7.630	03/01/14	165,853	162,593	7.65	4.04
Baa/BB	350,000	ENTERPRISE PRODS OPER LP	4.000	10/15/07	349,727	342,054	4.09	1.22
Baa/BB	575,000	ENTERPRISE PRODUCTS OPER	4.950	06/01/10	569,906	551,856	5.16	3.48
B/BB	225,000	ETHYL CORP	8.880	05/01/10	238,500	227,813	8.77	2.68
Baa/BBB	300,000	FEDERATED DEPT STORES INC DE	6.790	07/15/27	327,995	301,398	6.76	10.79
B/B	145,000	FERRELLGAS PARTNER LP	8.750	06/15/12	157,549	147,175	8.62	3.47
A/A	250,000	FIRST DATA CORPORATION	3.900	10/01/09	248,925	235,553	4.14	2.96
A/A	300,000	FIRST DATA CORPORATION	5.630	11/01/11	318,300	296,034	5.71	4.51
Ba/BB	2,000,000	FISHER SCIENTIFIC INTL INC	6.750	08/15/14	2,060,000	1,992,500	6.78	5.08
B/B	2,650,000	FORD MTR CO DEL	7.450	07/16/31	2,080,550	1,914,625	10.31	8.74
Ba/B	3,400,000	FORD MTR CR CO	7.880	06/15/10	3,145,000	3,136,466	8.54	3.27
Ba/B	1,520,000	FORD MTR CR CO	7.380	02/01/11	1,574,229	1,361,038	8.24	3.62
Ba/B	3,000,000	FOREST OIL CORP	8.000	12/15/11	3,300,000	3,067,500	7.82	4.36
Baa/BBB	100,000	FORTUNE BRANDS INC	5.130	01/15/11	98,824	95,753	5.36	3.88
B/B	3,000,000	FOUNDATION PA COAL CO	7.250	08/01/14	3,142,500	2,925,000	7.44	5.21
Ba/B	1,965,000	FTI CONSULTING INC	7.630	06/15/13	1,994,181	1,989,563	7.54	4.53
B/B	2,440,000	GAYLORD ENTMT CO NEW	8.000	11/15/13	2,559,380	2,436,950	8.01	4.61
NR/BBB	3,000,000	GAZPROM INTL SA	7.200	02/01/20	3,026,250	3,041,250	7.10	8.42
Caa/B	1,739,000	GENCORP INC	9.500	08/15/13	1,848,741	1,847,688	8.94	2.95
A/A	735,000	GENERAL DYNAMICS CORP	4.250	05/15/13	719,117	674,133	4.63	5.79
Aaa/AAA	3,050,000	GENERAL ELEC CO	5.000	02/01/13	3,134,914	2,932,163	5.20	5.40
Baa/BBB	490,000	GENERAL MLS INC	6.000	02/15/12	530,949	492,660	5.97	4.62
Ba/BB	1,330,000	GENERAL MTRS ACCEP CORP	5.850	01/14/09	1,264,438	1,274,938	6.10	2.24
Ba/BB	650,000	GENERAL MTRS ACCEP CORP	7.750	01/19/10	625,891	646,646	7.79	2.95
Ba/BB	1,765,000	GENERAL MTRS ACCEP CORP	6.880	09/15/11	1,606,150	1,684,092	7.21	4.19
Ba/BB	3,196,000	GENERAL MTRS ACCEP CORP	8.000	11/01/31	2,828,698	3,071,835	8.32	10.38
Ba/BB	1,820,000	GENERAL MTRS ACCEP CORP	6.130	08/28/07	1,766,083	1,800,963	6.19	1.08
Ba/BB	230,000	GENERAL MTRS ACCEP CORP	5.130	05/09/08	208,725	220,342	5.35	1.72
Caa/B	1,546,000	GENERAL MTRS CORP	8.380	07/15/33	1,178,825	1,244,530	10.41	8.71
Caa/B	610,000	GENERAL MTRS CORP	8.250	07/15/23	422,300	480,375	10.48	7.70
A/A	300,000	GENETECH INC	4.750	07/15/15	299,811	274,772	5.19	7.01
B/B	3,000,000	GEORGIA PAC CORP	7.700	06/15/15	3,382,500	2,865,000	8.06	6.30
B/B	2,225,000	GIANT INDs INC	8.000	05/15/14	2,260,046	2,197,188	8.10	5.02

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Industrials (continued)								
Ba/B	5,190,000	GIBRALTAR IND'S INC	8.000	12/01/15	5,145,668	5,164,050	8.04	5.82
Ba/BB	1,075,000	GLATFELTER P H CO	7.130	05/01/16	1,080,019	1,061,154	7.22	6.22
NR/NR	1,000,000	GLENOIT CORP	11.000	04/15/07	998,090	10	0.73	
B/B	2,128,000	GOLD KIST INC	10.250	03/15/14	2,431,344	2,218,440	9.83	4.09
B/B	1,510,000	GOODYEAR TIRE & RUBBER CO	9.000	07/01/15	1,510,000	1,442,050	9.42	5.45
B/B	2,160,000	GREENBRIER COS INC	8.380	05/15/15	2,160,000	2,205,900	8.21	5.22
B/BB	200,000	GREIF BROS CORP	8.880	08/01/12	216,000	210,500	8.44	2.18
Ba/B	1,630,000	GSC HLDS CORP / GAMESTOP INC	8.000	10/01/12	1,605,799	1,630,000	8.00	4.40
A/A	635,000	GTE NORTH INC	6.900	11/01/08	693,509	648,246	6.76	2.11
A/A	300,000	GTE NORTH INC	6.380	02/15/10	322,002	301,110	6.36	3.12
B/B	2,215,000	GULFMARK OFFSHORE INC	7.750	07/15/14	2,209,261	2,159,625	7.95	5.11
B/B	2,350,000	HANOVER COMPRESSOR CO	9.000	06/01/14	2,575,225	2,455,750	8.61	4.30
B/B	3,000,000	HANOVER EQUIP TR	8.750	09/01/11	3,255,000	3,090,000	8.50	2.34
Baa/BBB	1,350,000	HARRAHS OPER INC	5.630	06/01/15	1,352,016	1,251,696	6.07	6.62
Baa/BBB	150,000	HARRIS CORP DEL	5.000	10/01/15	149,063	137,575	5.45	7.13
Ba/BB	1,402,000	HCA INC	6.300	10/01/12	1,429,793	1,318,609	6.70	4.96
Ba/BB	1,641,000	HCA INC	5.750	03/15/14	1,598,931	1,467,366	6.43	5.91
Ba/BB	140,000	HCA INC	5.500	12/01/09	138,259	134,912	5.71	3.04
Ba/BB	4,400,000	HCA INC FORMERLY HCA	6.500	02/15/16	4,384,243	4,068,372	7.03	6.77
NR/BBB	100,000	HEALTH MGMT ASSOC INC NEW	6.130	04/15/16	98,814	95,031	6.45	7.14
Baa/BBB	650,000	HEINZ H J FIN CO	6.000	03/15/12	711,698	645,171	6.04	4.69
Ba/B	2,310,000	HERCULES INC	6.750	10/15/29	2,374,875	2,182,950	7.14	5.47
A/A	250,000	HEWLETT PACKARD CO	6.500	07/01/12	274,583	258,056	6.30	4.80
A/A	4,900,000	HEWLETT PACKARD CO	3.630	03/15/08	4,926,621	4,740,627	3.75	1.61
Aa/AA	200,000	HOME DEPOT INC	4.630	08/15/10	199,080	193,160	4.79	3.63
Aa/AA	300,000	HOME DEPOT INC	5.200	03/01/11	298,041	294,301	5.30	4.03
Aa/AA	300,000	HOME DEPOT INC	5.400	03/01/16	295,119	287,077	5.64	7.30
A/A	100,000	HONEYWELL INT'L INC	5.400	03/15/16	99,771	96,457	5.60	7.32
Ba/BB	850,000	HOST MARRIOTT LP	7.130	11/01/13	875,500	846,813	7.16	4.64
B/C/C	3,000,000	HOUGHTON MIFFLIN CO	8.250	02/01/11	3,165,000	3,037,500	8.15	3.20
B/B	185,000	HOUSTON EXPL CO	7.000	06/15/13	185,000	182,225	7.11	4.64
Ba/BB	3,000,000	HOVNANIAN K ENTERPRISES INC	6.500	01/15/14	2,955,000	2,700,000	7.22	5.57
Ba/BB	758,000	HOVNANIAN K ENTERPRISES INC	6.250	01/15/15	758,000	664,198	7.13	6.15
B/B	807,000	HUGHES NETWORK SYS LLC	9.500	04/15/14	819,600	790,860	9.69	4.93
B/B	3,000,000	IASIS HEALTHCARE LLC	8.750	06/15/14	3,150,000	2,940,000	8.93	5.09
Baa/BBB	175,000	ICI WILMINGTON INC	5.630	12/01/13	181,190	167,318	5.89	5.93
Ba/BB	5,286,000	IKON OFFICE SOLUTIONS INC	7.750	09/15/15	5,263,625	5,233,140	7.83	5.68
B/B	1,315,000	IMAX CORP	9.630	12/01/10	1,317,395	1,347,875	9.40	2.99
B/B	1,876,000	INGLES MKTS INC	8.880	12/01/11	1,996,820	1,962,765	8.49	1.54
B/B	1,164,000	INTERLINE BRANDS INC	8.130	06/15/14	1,163,571	1,161,090	8.15	5.16
A/A	3,400,000	INTERNATIONAL BUSINESS MACH'S	4.750	11/29/12	3,374,160	3,221,480	5.01	5.40
A/A	1,000,000	INTERNATIONAL BUSINESS MACH'S	4.380	06/01/09	1,016,310	969,440	4.52	2.68
A/A	500,000	INTERNATIONAL BUSINESS MACH'S	3.800	02/01/08	499,805	487,477	3.90	1.49
A/AA	1,190,000	INTERNATIONAL LEASE FIN CORP	3.750	08/01/07	1,189,881	1,167,041	3.82	1.03
Baa/BBB	465,000	INTERNATIONAL PAPER CO	6.750	09/01/11	524,208	480,799	6.53	4.24
Ba/BBB	1,525,000	INTERNATIONAL STL GROUP INC	6.500	04/15/14	1,468,524	1,441,125	6.88	5.88
B/B	2,300,000	INTRAWEST CORP	7.500	10/15/13	2,349,240	2,288,500	7.54	4.60
Caa/B	300,000	IRON MTN INC PA	7.750	01/15/15	312,000	286,500	8.12	5.15
Caa/B	2,000,000	IRON MTN INC PA	6.630	01/01/16	1,900,000	1,800,000	7.37	6.18
Baa/BBB	551,000	ISPAT INLAND ULC	9.750	04/01/14	643,070	609,214	8.82	2.83
B/B	4,979,000	JARDEN CORP	9.750	05/01/12	5,310,836	5,078,580	9.56	3.27
B/C/C	175,000	JEFFERSON SMURFIT CORP U S	7.500	06/01/13	175,218	156,625	8.38	5.07
B/B	2,333,000	JLG IND'S INC	8.380	06/15/12	2,427,266	2,414,655	8.10	2.78
Baa/A	250,000	JOHNSON CTL'S INC	5.250	01/15/11	248,008	243,805	5.38	3.88
Ba/BB	175,000	KB HOME	9.500	02/15/11	194,688	182,875	9.09	0.86
Ba/BB	3,000,000	KB HOME	7.750	02/01/10	3,217,500	3,000,000	7.75	2.58
Baa/BBB	1,560,000	KELLOGG CO	6.600	04/01/11	1,749,491	1,609,440	6.40	3.99
Ba/BB	1,020,000	KERR MCGEE CORP	7.880	09/15/31	1,105,436	1,151,305	6.98	11.41
Aa/AA	250,000	KIMBERLY CLARK CORP	4.880	08/15/15	252,393	234,506	5.20	7.08
Baa/BBB	150,000	KINDER MORGAN ENERGY PARTNERS	6.300	02/01/09	151,377	151,349	6.24	2.30
Baa/BBB	150,000	KINDER MORGAN ENERGY PARTNERS	6.750	03/15/11	153,607	152,796	6.63	3.92
Baa/BBB	590,000	KINDER MORGAN ENERGY PARTNERS	5.000	12/15/13	577,669	540,096	5.46	6.05
Baa/BBB	150,000	KINDER MORGAN FIN CORP ULC	5.350	01/05/11	150,647	138,253	5.80	3.79
A/BBB	1,060,000	KRAFT FOODS INC	5.250	06/01/07	1,117,664	1,057,180	5.26	0.88
A/BBB	1,500,000	KRAFT FOODS INC	5.250	10/01/13	1,523,070	1,429,788	5.51	5.84
A/BBB	4,400,000	KRAFT FOODS INC	4.130	11/12/09	4,388,780	4,170,940	4.36	3.07
Baa/BBB	1,000,000	KROGER CO	6.800	04/01/11	1,055,130	1,022,244	6.65	3.96

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Industrials (continued)								
Baa/BBB	100,000	KROGER CO	4.950	01/15/15	99,721	90,169	5.49	6.62
Ba/BB	850,000	L 3 COMMUNICATIONS CORP	5.880	01/15/15	830,344	792,625	6.31	5.99
Ba/B	1,970,000	LAMAR MEDIA CORP	6.630	08/15/15	1,913,450	1,822,250	7.17	5.52
B/B	1,620,000	LANDRYS RESTAURANTS INC	7.500	12/15/14	1,583,188	1,486,350	8.17	5.82
B/B	1,500,000	LAS VEGAS SANDS CORP	6.380	02/15/15	1,451,250	1,391,250	6.88	5.99
Baa/BBB	100,000	LENNAR CORP	5.130	10/01/10	97,759	94,933	5.40	3.40
Baa/BBB	150,000	LENNAR CORP	5.600	05/31/15	153,665	136,989	6.13	6.78
Baa/BBB	75,000	LENNAR CORP	5.950	10/17/11	74,825	72,502	6.16	4.41
Baa/BBB	75,000	LENNAR CORP	6.500	04/15/16	74,905	71,846	6.79	7.21
Ba/BB	1,555,000	LIBERTY MEDIA CORP NEW	5.700	05/15/13	1,411,409	1,412,142	6.28	5.47
Ba/BB	534,000	LIBERTY MEDIA CORP NEW	6.410	09/17/06	535,101	535,121	6.40	0.22
A/A	250,000	LOWES COMPANIES INC	5.000	10/15/15	249,743	234,942	5.32	7.21
Baa/BBB	125,000	LUBRIZOL CORP	5.500	10/01/14	127,556	118,583	5.80	6.41
Ba/BB	1,875,000	LYONDELL CHEMICAL CO	10.500	06/01/13	2,104,540	2,062,500	9.55	2.26
Baa/BBB	150,000	M D C HLDGS INC	5.380	12/15/14	149,378	132,347	6.10	6.55
Ba/BB	5,740,000	M I HOMES INC	6.790	04/01/12	5,659,836	4,965,100	7.85	4.45
B/BB	1,765,000	MAC GRAY CORP	7.630	08/15/15	1,807,713	1,782,650	7.55	5.46
Ba/BB	3,000,000	MACDERMID INC	9.130	07/15/11	3,367,500	3,135,000	8.74	1.07
B/B	809,000	MANITOWOC INC	10.500	08/01/12	934,395	877,765	9.68	1.20
Baa/BBB	2,000,000	MARATHON OIL CORP	5.380	06/01/07	2,098,660	1,997,792	5.39	0.88
Baa/BBB	500,000	MARRIOTT INTL INC NEW	4.630	06/15/12	497,430	462,280	5.01	5.08
Baa/BBB	490,000	MASCO CORP	5.880	07/15/12	527,769	483,602	5.96	4.88
B/B	4,000,000	MASSEY ENERGY CO	6.880	12/15/13	3,976,441	3,720,000	7.40	5.41
Baa/BBB	85,000	MAY DEPT STORES CO	7.880	03/01/30	106,466	92,849	7.21	11.05
Baa/BBB	100,000	MAY DEPT STORES CO	5.750	07/15/14	101,772	96,672	5.95	6.17
Baa/BBB	100,000	MAY DEPT STORES CO	3.950	07/15/07	99,891	98,177	4.02	0.98
Baa/BBB	100,000	MAY DEPT STORES CO	4.800	07/15/09	101,202	97,021	4.95	2.72
Baa/BBB	80,000	MAY DEPT STORES CO	6.650	07/15/24	80,673	78,818	6.75	10.11
Baa/BBB	60,000	MAY DEPT STORES CO	6.700	07/15/34	64,280	58,579	6.86	12.12
A/AA	100,000	MEDTRONIC INC	4.380	09/15/10	99,742	95,579	4.58	3.72
A/AA	100,000	MEDTRONIC INC	4.750	09/15/15	99,921	92,131	5.16	7.17
Aa/AA	250,000	MERCK & CO INC	4.750	03/01/15	242,645	229,534	5.17	6.82
Ba/BB	2,000,000	MERITAGE CORP	7.000	05/01/14	2,065,000	1,790,000	7.82	5.60
Ba/BB	1,680,000	MERITAGE HOMES CORP	6.250	03/15/15	1,656,738	1,415,400	7.42	6.22
Baa/BBB	455,000	MEYER FRED INC DEL NEW	7.450	03/01/08	505,505	466,192	7.27	1.52
Ba/BB	2,240,000	MGM MIRAGE FORMERLY MGM GRAND	6.750	04/01/13	2,243,713	2,136,400	7.08	5.21
B/B	4,481,000	MIRANT NORTH AMER LLC MNA FIN	7.380	12/31/13	4,518,125	4,324,165	7.65	5.25
B/BB	1,954,000	MOBILE MINI INC	9.500	07/01/13	2,176,085	2,090,780	8.88	2.60
Baa/BBB	225,000	MOHAWK INDs INC	5.750	01/15/11	225,070	221,399	5.84	3.83
Ba/BB	85,000	MOHEGAN TRIBAL GAMING AUTH	6.130	02/15/13	85,306	80,006	6.51	4.91
Ba/BBB	3,921,000	MYLAN LABS INC	6.380	08/15/15	3,969,210	3,744,555	6.68	6.09
B/B	4,075,000	NALCO CO	7.750	11/15/11	4,280,469	4,064,813	7.77	3.55
B/B	415,000	NBTY INC	7.130	10/01/15	411,336	390,100	7.59	6.14
Baa/A	410,000	NEW ENGLAND TEL & TELECO	7.880	11/15/29	539,453	430,274	7.51	10.80
A/A	365,000	NEW JERSEY BELL TEL CO	7.850	11/15/29	483,873	384,556	7.45	10.84
Baa/BBB	170,000	NEWS AMER INC	8.150	10/17/36	203,023	188,976	7.33	11.82
Baa/BBB	500,000	NEWS AMER INC	7.300	04/30/28	542,012	502,930	7.26	10.88
Baa/BBB	1,545,000	NEWS AMER INC	6.630	01/09/08	1,598,067	1,565,806	6.54	1.39
Baa/BBB	350,000	NEWS AMER INC	7.280	06/30/28	388,824	351,339	7.25	11.04
Baa/BBB	200,000	NEWS AMER INC	5.300	12/15/14	201,794	188,828	5.61	6.67
Baa/BBB	15,000	NEWS AMER INC	6.200	12/15/34	15,595	13,435	6.92	12.65
B/B	2,200,000	NORSKE SKOG CDA LTD	7.380	03/01/14	2,299,000	1,969,000	8.25	5.36
Baa/BBB	730,000	NORTHROP GRUMMAN CORP	4.080	11/16/06	740,687	726,565	4.10	0.37
Ba/BB	155,000	NORTHWEST PIPELINE CORP	8.130	03/01/10	168,020	161,200	7.82	1.94
Ba/BB	2,200,000	NOVA CHEMICALS CORP	6.500	01/15/12	2,215,000	2,024,000	7.07	4.37
B/B	3,110,000	NOVELIS INC	7.250	02/15/15	2,998,550	2,985,600	7.55	5.48
B/B	3,310,000	NRG ENERGY INC	7.250	02/01/14	3,347,200	3,227,250	7.44	5.11
Ba/B	2,255,000	O CHARLEYS INC	9.000	11/01/13	2,380,800	2,283,188	8.89	4.34
Ba/BB	3,275,000	OFFSHORE LOGISTICS INC	6.130	06/15/13	3,258,625	3,021,188	6.64	5.27
B/B	1,675,000	OMI CORP	7.630	12/01/13	1,705,250	1,670,813	7.65	4.68
Ba/BB	3,017,000	OMNICARE INC	6.880	12/15/15	3,039,998	2,866,150	7.24	6.34
A/A	265,000	ORACLE CORP	5.250	01/15/16	263,535	248,175	5.61	7.16
A/A	650,000	ORACLE CORP / OZARK HLDG INC	5.000	01/15/11	641,212	627,302	5.18	3.90
Ba/BB	2,350,000	OVERSEAS SHIPHOLDING GROUP INC	8.250	03/15/13	2,477,000	2,438,125	7.95	3.36
Ba/BB	175,000	OVERSEAS SHIPHOLDING GROUP INC	7.500	02/15/24	175,000	166,688	7.87	9.26
B/BB	3,000,000	OWENS BROCKWAY GLASS CONTAINER	8.750	11/15/12	3,322,500	3,123,750	8.40	3.02
B/B	1,450,000	OXFORD INDs INC	8.880	06/01/11	1,547,807	1,450,000	8.88	3.14

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Industrials (continued)								
B/CCC	3,046,000	PARAMOUNT RES LTD	8.500	01/31/13	3,019,348	3,076,460	8.42	3.59
B/B	2,500,000	PAYLESS SHOESOURCE INC	8.250	08/01/13	2,498,172	2,584,375	7.98	3.72
Baa/BBB	250,000	PC FINL PARTNERSHIP	5.000	11/15/14	250,493	232,987	5.37	6.65
B/NR	1,170,000	PEGASUS AVIATION LEASE SEC'S II	8.370	03/25/30	662,025	726,863	13.47	4.48
Baa/BBB	1,000,000	PEMEX PROJ FDG MASTER TR	8.500	02/15/08	1,125,000	1,036,000	8.20	1.47
Baa/A	200,000	PEPSI AMERICAS INC	4.880	01/15/15	199,434	186,500	5.23	6.67
B/BB	1,012,000	PHI INC	7.130	04/15/13	1,012,000	953,810	7.56	5.03
Baa/BBB	1,250,000	PHILLIP MORRIS CO INC	7.200	02/01/07	1,354,488	1,260,481	7.14	0.56
Baa/BBB	500,000	PHILLIP MORRIS CO INC	7.750	01/15/27	524,381	561,026	6.91	10.54
A/A	775,000	PHILLIPS PETROLEUM CO	9.380	02/15/11	980,530	888,183	8.18	3.69
A/A	1,396,000	PHILLIPS PETROLEUM CO	8.750	05/25/10	1,689,510	1,543,166	7.92	3.30
B/BB	325,000	PHILLIPS VAN HEUSEN CORP	7.250	02/15/11	325,213	321,750	7.32	3.43
Ba/BB	2,220,000	PHILLIPS VAN HEUSEN CORP	7.750	11/15/23	2,235,400	2,214,450	7.77	9.40
Ba/B	6,968,000	PILGRIMS PRIDE CORP	9.250	11/15/13	7,666,445	6,950,580	9.27	4.55
Aa/AA	200,000	PITNEY BOWES INC	5.000	03/15/15	198,454	187,084	5.35	6.80
Aa/AA	1,500,000	PITNEY BOWES INC GLOBAL	4.750	01/15/16	1,501,725	1,364,365	5.22	7.31
Baa/BBB	75,000	PLUM CREEK TIMBERLANDS LP	5.880	11/15/15	72,515	71,299	6.19	7.02
B/B	1,450,000	POLYONE CORP	8.880	05/01/12	1,480,813	1,455,438	8.85	4.42
B/B	3,000,000	POLYONE CORP	10.630	05/15/10	3,262,500	3,225,000	9.89	1.35
B/B	2,000,000	PSYCHIATRIC SOLUTIONS INC	10.630	06/15/13	2,267,500	2,180,000	9.75	2.55
B/B	1,210,000	PSYCHIATRIC SOLUTIONS INC	7.750	07/15/15	1,210,000	1,184,288	7.92	5.60
Baa/BBB	200,000	PULTE HOMES INC	5.200	02/15/15	199,628	177,613	5.86	6.59
Baa/BBB	200,000	QUEST DIAGNOSTICS INC	5.130	11/01/10	199,624	194,250	5.28	3.79
B/BB	1,975,000	QUIKSILVER INC	6.880	04/15/15	1,907,109	1,836,750	7.40	6.02
Ba/BB	3,250,000	QWEST CORPORATION	7.880	09/01/11	3,372,913	3,290,625	7.78	4.09
Ba/BB	150,000	QWEST CORPORATION	5.630	11/15/08	144,200	146,250	5.77	2.17
B/B	771,000	RADIO ONE INC	6.380	02/15/13	771,000	705,465	6.97	4.96
B/B	4,311,000	RANGE RES CORP	7.380	07/15/13	4,488,606	4,278,668	7.44	4.43
Caa/CCC	1,090,000	RAYOVAC CORP	8.500	10/01/13	1,179,925	931,950	9.94	4.98
Baa/BBB	555,000	RAYTHEON CO	6.750	08/15/07	604,045	562,328	6.66	1.05
Ba/BB	50,000	READERS DIGEST ASSN INC	6.500	03/01/11	50,000	48,250	6.74	3.66
Baa/A	200,000	REED ELSEVIER CAP INC	4.630	06/15/12	199,728	185,509	4.99	5.08
Ba/BB	2,300,000	RENT A CTR INC NEW	7.500	05/01/10	2,385,000	2,288,500	7.54	4.60
B/B	1,035,000	RENT WAY INC	11.880	06/15/10	1,122,975	1,064,756	11.55	3.10
B/B	3,014,000	RES CARE INC	7.750	10/15/13	2,999,845	2,991,395	7.81	4.86
Ba/BB	3,585,000	REYNOLDS AMERN INC	7.250	06/01/12	3,585,908	3,513,300	7.40	4.70
B/CC	3,100,000	ROTECH HEALTHCARE INC	9.500	04/01/12	3,348,000	2,580,750	11.41	4.04
Baa/BBB	100,000	SABRE HLDGS CORP	6.350	03/15/16	99,634	95,074	6.68	6.93
Baa/BBB	500,000	SAFEWAY INC	4.950	08/16/10	504,855	477,378	5.18	3.59
B/B	406,000	SAMSONITE CORP NEW	8.880	06/01/11	422,240	421,225	8.56	3.24
Baa/A	875,000	SCHERING PLOUGH CORP	5.300	12/01/13	914,979	851,838	5.44	5.96
B/B	601,000	SEALY MATTRESS CO	8.250	06/15/14	614,523	601,000	8.25	4.95
Ba/BB	156,000	SENIOR HSG PPTYS TR	7.880	04/15/15	155,697	157,950	7.78	4.32
Ba/BB	4,096,000	SERVICE CORP INTL	7.000	06/15/17	4,096,521	3,829,760	7.49	7.05
Ba/BB	2,425,000	SMITHFIELD FOODS INC	7.750	05/15/13	2,585,709	2,376,500	7.91	5.18
Caa/B	2,000,000	SOLO CUP CO	8.500	02/15/14	1,920,000	1,730,000	9.83	5.10
Baa/BBB	1,660,000	SOUTHERN COPPER CORP DEL	6.380	07/27/15	1,647,188	1,586,993	6.67	6.57
Caa/CCC	1,500,000	SPECTRUM BRANDS INC	7.380	02/01/15	1,500,000	1,218,750	9.08	5.73
Baa/BBB	1,235,000	SPRINT CAP CORP	6.130	11/15/08	1,330,157	1,242,940	6.09	2.17
Baa/BBB	1,500,000	SPRINT CAP CORP	7.630	01/30/11	1,629,150	1,593,231	7.18	3.75
Baa/BBB	360,000	SPRINT CAP CORP	8.380	03/15/12	410,288	397,604	7.59	4.48
Baa/BBB	240,000	SPRINT CAP CORP	8.750	03/15/32	320,330	289,030	7.27	11.23
Ba/B	1,787,000	STANDARD PAC CORP NEW	9.250	04/15/12	1,813,805	1,775,831	9.31	4.32
B/B	2,715,000	STATION CASINOS INC	6.500	02/01/14	2,721,600	2,524,950	6.99	5.34
B/B	2,141,000	STATION CASINOS INC	6.880	03/01/16	2,160,512	1,996,483	7.38	6.05
Ba/BB	1,830,000	STEINWAY MUSICAL INSTRS INC	7.000	03/01/14	1,838,181	1,770,525	7.24	5.25
B/B	4,560,000	STEWART ENTERPRISES INC	1.000	02/15/13	4,567,690	4,155,300	1.10	5.03
B/CCC	2,200,000	STONE CONTAINER FIN CO CDA II	7.380	07/15/14	2,310,000	1,947,000	8.34	5.49
Caa/B	1,350,000	STONE ENERGY CORP	8.250	12/15/11	1,450,913	1,363,500	8.17	6.36
B/B	145,000	SUBURBAN PROPANE PARTNERS LP	6.880	12/15/13	150,171	135,575	7.36	5.37
B/B	985,000	SUNGARD DATA SYS INC	4.880	01/15/14	829,863	856,950	5.61	5.94
B/B	2,140,000	SUNGARD DATA SYS INC	9.130	08/15/13	2,246,575	2,220,250	8.80	4.21
B/B	1,387,000	SUPERIOR ESSEX COMMUNICATIONS	9.000	04/15/12	1,383,560	1,407,805	8.87	3.57
B/B	15,000	TARGA RES INC	8.500	11/01/13	15,000	14,475	8.81	4.92
A/A	255,000	TARGET CORP	4.000	06/15/13	245,986	229,922	4.44	5.92
Baa/BBB	435,000	TCI COMMUNICATIONS INC	7.880	02/15/26	509,330	469,990	7.29	10.08
Baa/BBB	465,000	TCI COMMUNICATIONS INC	7.130	02/15/28	506,640	464,811	7.13	10.68

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Industrials (continued)								
B/B	1,930,000	TECHNICAL OLYMPIC USA INC	7.500	03/15/11	1,938,310	1,708,050	8.47	3.71
Baa/BBB	130,000	TELE COMMUNICATIONS INC	7.880	08/01/13	155,466	139,983	7.32	5.30
Baa/BBB	250,000	TEMPLE INLAND INC	7.880	05/01/12	287,598	269,913	7.30	4.63
B/B	485,000	TENET HEALTHCARE CORP	6.380	12/01/11	470,268	432,863	7.15	4.39
B/B	2,840,000	TENET HEALTHCARE CORP	9.880	07/01/14	2,962,148	2,840,000	9.88	5.19
B/B	329,000	TENET HEALTHCARE CORP	9.250	02/01/15	323,756	323,243	9.41	5.54
B/B	1,000,000	TEREX CORP NEW	7.380	01/15/14	1,052,728	995,000	7.42	4.67
Baa/BBB	100,000	TEVA PHARMACEUTICAL FIN CO LLC	5.550	02/01/16	99,856	93,644	5.93	7.10
Ba/BB	790,000	TEXAS IND'S INC	7.250	07/15/13	790,000	782,100	7.32	4.67
A/A	780,000	TEXTRON FINL CORP	5.880	06/01/07	808,790	781,841	5.87	0.88
A/A	815,000	TEXTRON FINL CORP	6.000	11/20/09	836,426	822,791	5.94	3.01
A/A	200,000	TEXTRON FINL CORP MTN	4.130	03/03/08	199,146	195,287	4.23	1.57
Baa/BBB	2,050,000	TIME WARNER COS INC	8.180	08/15/07	2,288,682	2,100,620	7.98	1.04
Baa/BBB	605,000	TIME WARNER COS INC	7.570	02/01/24	658,683	639,943	7.16	9.69
Baa/BBB	1,200,000	TIME WARNER COS INC	7.250	10/15/17	1,304,724	1,247,770	6.97	7.65
Baa/BBB	245,000	TIME WARNER COS INC	6.950	01/15/28	251,571	241,374	7.05	10.82
Baa/BBB	1,695,000	TIME WARNER ENTMT CO LP	8.380	07/15/33	1,987,692	1,898,860	7.48	11.19
Baa/BBB	320,000	TIME WARNER INC	7.630	04/15/31	366,428	340,171	7.18	11.45
Baa/BBB	30,000	TIME WARNER INC	6.880	05/01/12	33,249	30,896	6.68	4.73
Ba/BB	3,640,000	TRANSCONTINENTAL GAS PIPE LINE	6.400	04/15/16	3,649,555	3,485,300	6.68	7.03
B/B	225,000	TRIAD HOSPS INC	7.000	05/15/12	225,000	223,875	7.04	3.97
B/B	2,300,000	TRIAD HOSPS INC	7.000	11/15/13	2,324,813	2,236,750	7.20	5.00
Ba/BBB	100,000	TRIBUNE CO NEW	4.880	08/15/10	99,829	94,006	5.19	3.58
Ba/BB	3,560,000	TRINITY IND'S INC	6.500	03/15/14	3,509,038	3,471,000	6.67	5.14
Baa/BBB	1,345,000	TYCO INT'L GROUP SA	6.000	11/15/13	1,354,207	1,332,606	6.06	5.84
Baa/BBB	1,200,000	UNION PAC CORP	6.650	01/15/11	1,323,359	1,240,280	6.43	3.78
Baa/BBB	430,000	UNION PAC CORP	6.500	04/15/12	466,387	443,635	6.30	4.73
B/B	3,487,000	UNITED AUTO GROUP INC	9.630	03/15/12	3,691,430	3,643,915	9.22	2.28
B/B	3,055,000	UNITED RENTALS NORTH AMER INC	6.500	02/15/12	2,990,679	2,886,975	6.88	4.21
Caa/B	775,000	UNITED RENTALS NORTH AMER INC	7.750	11/15/13	763,462	736,250	8.16	5.10
Caa/B	150,000	UNITED RENTALS NORTH AMER INC	7.000	02/15/14	145,500	137,063	7.66	5.38
A/A	175,000	UNITED TECHNOLOGIES CORP	8.880	11/15/19	240,051	221,764	7.01	8.39
A/A	1,185,000	UNITED TECHNOLOGIES CORP	6.500	06/01/09	1,326,169	1,212,589	6.35	2.62
A/A	150,000	UNITED HEALTH GROUP INC	4.880	03/15/15	148,151	137,977	5.31	6.82
A/A	100,000	UNITED HEALTH GROUP INC	5.380	03/15/16	99,225	94,596	5.69	7.27
A/A	425,000	UNITED HEALTH GROUP INC	5.800	03/15/36	421,936	378,800	6.51	13.07
B/B	5,265,000	US CONCRETE INC	8.380	04/01/14	5,540,750	5,317,850	8.30	4.62
B/B	3,750,000	US ONCOLOGY INC	9.000	08/15/12	4,007,813	3,900,000	8.65	3.46
Aa/AAA	585,000	USAA CAP CORP BOOK ENTRY 144A	4.000	12/10/07	595,665	573,516	4.08	1.36
B/B	1,970,000	VAIL RESORTS INC	6.750	02/15/14	1,960,150	1,871,500	7.11	5.26
Ba/BB	1,730,000	VENTAS RLTY LTD PARTNERSHIP	9.000	05/01/12	2,000,675	1,894,350	8.22	4.51
A/A	95,000	VERIZON MARYLAND INC	5.130	06/15/33	81,947	71,555	6.81	12.78
Baa/A	5,600,000	VERIZON NEW ENG INC	4.750	10/01/13	5,519,304	4,972,882	5.35	5.87
Baa/A	2,000,000	VERIZON VA INC	4.630	03/15/13	1,928,080	1,801,103	5.14	5.52
A/A	20,000	VERIZON WIRELESS CAP LLC	5.380	12/15/06	19,116	19,987	5.38	0.45
B/B	1,540,000	VERTRUE INC	9.250	04/01/14	1,611,789	1,593,900	8.94	4.25
Baa/BBB	500,000	VIACOM INC	7.700	07/30/10	580,645	530,814	7.25	3.39
Baa/BBB	250,000	VIACOM INC	5.750	04/30/11	247,735	244,686	5.87	4.10
Baa/BBB	200,000	VIACOM INC	6.250	04/30/16	197,602	192,724	6.49	7.14
Ba/B	3,000,000	VIDEOTRON LTEE	6.880	01/15/14	3,093,905	2,842,500	7.26	5.19
A/A	2,170,000	VODAFONE AIRTOUCH PLC	7.750	02/15/10	2,397,724	2,294,062	7.33	3.07
A/A	435,000	VODAFONE GROUP PLC	5.000	12/16/13	425,789	400,362	5.43	6.07
Aa/AA	4,265,000	WAL MART STORES INC	6.880	08/10/09	4,802,667	4,421,824	6.64	2.71
Aa/AA	150,000	WAL MART STORES INC	4.000	01/15/10	149,264	142,411	4.21	3.18
Aa/AA	2,500,000	WAL MART STORES INC	4.750	08/15/10	2,496,800	2,421,037	4.90	3.62
B/B	1,465,000	WARNACO INC ACQUIRED	8.880	06/15/13	1,609,213	1,486,975	8.75	4.13
Baa/BBB	300,000	WASTE MGMT INC	5.000	03/15/14	299,514	278,904	5.38	6.16
Baa/BBB	1,700,000	WASTE MGMT INC DEL	7.380	08/01/10	1,738,097	1,788,822	7.01	3.42
Baa/BBB	665,000	WASTE MGMT INC DEL	6.380	11/15/12	675,413	675,910	6.28	5.16
B/B	870,000	WCA WASTE CORP	9.250	06/15/14	877,250	878,700	9.16	4.92
Baa/BBB	100,000	WELLPOINT INC	3.750	12/14/07	99,532	97,280	3.85	1.39
Baa/BBB	100,000	WELLPOINT INC	5.000	01/15/11	99,287	96,730	5.17	3.90
Baa/BBB	800,000	WELLPOINT INC	5.250	01/15/16	795,266	751,377	5.59	7.16
Baa/BBB	230,000	WELLPOINT INC	5.850	01/15/36	203,700	204,206	6.59	12.84
Ba/BB	780,000	WESTINGHOUSE AIR BRAKE TECH	6.880	07/31/13	794,000	760,500	7.06	5.35
Ba/BB	1,078,000	WESTLAKE CHEM CORP	6.630	01/15/16	1,078,906	995,803	7.18	6.35
Baa/BBB	591,000	WEYERHAEUSER CO	5.950	11/01/08	630,549	592,013	5.94	2.13

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Industrials (continued)								
Baa/BBB	585,000	WEYERHAEUSER CO	6.750	03/15/12	646,521	598,975	6.59	4.61
B/B	725,000	WHITING PETROLEUM CORP NEW	7.250	05/01/12	730,250	696,000	7.55	4.22
B/B	1,600,000	WHITING PETROLEUM CORP NEW	7.250	05/01/13	1,576,112	1,532,000	7.57	4.85
Ba/BB	165,000	WILLIAMS COS INC	7.630	07/15/19	177,169	167,475	7.52	7.98
Ba/BB	698,000	WILLIAMS COS INC	7.500	01/15/31	656,980	673,570	7.77	10.53
Ba/BB	75,000	WILLIAMS COS INC	7.750	06/15/31	74,438	73,875	7.87	10.82
Ba/BB	1,710,000	WILLIAMS COS INC	8.750	03/15/32	1,395,665	1,859,625	8.05	10.45
B/B	134,000	WILLIAMS SCOTSMAN INC	8.500	10/01/15	136,345	132,325	8.61	5.62
B/B	2,016,000	WILLIAMS SCOTSMAN INC	8.500	10/01/15	2,055,780	1,990,800	8.61	5.63
Ba/BB	295,000	WINDSTREAM CORP	8.130	08/01/13	295,000	300,900	7.97	5.17
A/A	100,000	WRIGLEY WM JR CO	4.300	07/15/10	99,822	95,258	4.51	3.56
A/A	150,000	WRIGLEY WM JR CO	4.650	07/15/15	149,513	138,516	5.04	7.04
B/B	2,222,000	WYNN LAS VEGAS LLC	6.630	12/01/14	2,222,000	2,094,235	7.03	5.85
Ba/BB	718,000	XEROX CORP	6.400	03/15/16	718,682	677,613	6.78	6.93
Baa/BBB	5,000	XTO ENERGY INC	7.500	04/15/12	5,592	5,322	7.05	4.63
Baa/BBB	380,000	XTO ENERGY INC	6.250	04/15/13	386,846	380,760	6.24	5.40
Baa/BBB	250,000	YUM BRANDS INC	6.250	04/15/16	249,723	248,689	6.28	7.15
		Total Industrials			610,115,492	580,581,651		
Mortgage Backed Securities								
Commerical Mortgage Backed Securities								
Aaa/AA	600,000	ASSET SECURITIZATION CORP	6.310	02/14/41	630,633	629,479	6.01	4.84
Aaa/AAA	2,455,000	BANC AMER COML MTG INC	6.190	06/11/35	2,574,298	2,498,072	6.08	4.33
NR/AAA	531,904	BANC AMER COML MTG INC	3.370	07/11/43	534,834	524,833	3.42	0.53
NR/AAA	3,610,000	BANC AMER COML MTG INC	5.120	07/11/43	3,604,923	3,495,588	5.29	4.54
Aaa/AAA	855,000	BEAR STEARNS COML MTG SECS INC	4.830	11/11/41	859,665	793,893	5.20	6.56
NR/AAA	2,725,000	CHASE COML MTG SECS CORP	7.200	01/15/32	3,158,978	2,837,632	6.91	2.71
NR/AAA	1,070,000	CHASE COML MTG SECS CORP	7.320	10/15/32	1,214,868	1,123,938	6.97	3.22
Aaa/AAA	2,960,000	CREDIT SUISSE FIRST BOSTON MTG	5.180	11/15/36	2,899,875	2,866,039	5.35	4.94
Aaa/NR	1,829,206	CREDIT SUISSE FIRST BOSTON MTG	6.300	11/15/30	2,001,194	1,849,245	6.23	1.83
Aaa/NR	2,784,659	DLJ COML MTG CORP	7.180	11/10/33	2,983,719	2,902,302	6.89	3.16
Aaa/AAA	2,640,000	FIRST UN NATL BK COML MTG TR	6.660	01/12/43	2,746,734	2,725,042	6.45	3.73
Aaa/AAA	2,805,595	FIRST UN NATL BK COML MTG TR	5.670	12/12/33	2,828,610	2,801,479	5.68	1.47
Aaa/NR	648,104	GE CAP COML MTG CORP	5.030	12/10/35	666,636	645,771	5.05	0.38
Aaa/AAA	2,725,000	GMAC COML MTG SEC INC	6.950	09/15/33	3,166,748	2,797,559	6.77	2.31
Aaa/NR	1,958,826	GMAC COML MTG SEC INC	7.180	08/15/36	2,191,591	2,027,483	6.94	2.32
NR/AAA	1,578,291	GS MTG SECS CORP II	6.140	10/18/30	1,745,369	1,580,961	6.13	1.71
NR/AAA	1,460,546	GS MTG SECS CORP II	2.900	01/10/40	1,435,752	1,420,389	2.98	1.16
NR/AAA	2,550,000	JP MORGAN CHASE COML MTG SECS	5.860	10/12/35	2,693,139	2,556,225	5.85	4.27
Aaa/AAA	297,111	JP MORGAN CHASE COML MTG SECS	3.140	07/12/37	298,504	295,658	3.16	0.16
NR/AAA	3,015,000	JP MORGAN CHASE COML MTG SECS	6.260	03/15/33	3,410,130	3,060,949	6.17	3.45
NR/AAA	2,070,000	JP MORGAN CHASE COML MTG SECS	6.430	04/15/35	2,245,707	2,119,871	6.28	3.98
NR/AAA	2,900,000	LB UBS COML MTG TR	3.900	12/15/26	2,914,376	2,829,763	4.00	1.34
NR/AAA	1,292,147	LB UBS COML MTG TR	2.720	03/15/27	1,281,245	1,249,035	2.81	1.03
NRAAA	805,183	MERRILL LYNCH MTG INV'S INC	7.560	11/15/31	910,738	840,818	7.24	2.40
Aaa/AAA	302,540	MORGAN STANLEY CAP I INC	7.220	07/15/29	334,308	303,649	7.19	0.38
NR/AAA	1,393,475	MORGAN STANLEY CAP I INC	6.540	07/15/30	1,537,421	1,408,591	6.47	1.46
NR/NR	2,439,500	MORGAN STANLEY CAP I INC	6.480	11/15/30	2,646,000	2,466,311	6.41	1.56
Aaa/AAA	485,293	MORGAN STANLEY DEAN WITTER	3.480	09/15/37	488,705	477,631	3.54	0.69
NR/AAA	2,894,896	MORTGAGE CAP FDG INC	6.660	03/18/30	2,943,974	2,916,998	6.61	1.22
Aaa/AAA	1,476,173	NATIONSLINK FDG CORP	6.480	08/20/30	1,506,850	1,491,442	6.41	1.69
Aaa/NR	2,619,376	SALOMON BROS MTG SECS VII INC	7.460	07/18/33	2,784,929	2,739,275	7.13	2.85
Aaa/NR	2,044,429	SALOMON BROS MTG SECS VII INC	7.150	05/18/32	2,124,210	2,096,287	6.97	1.87
		Total Commercial Mortgage Backed Securities			63,364,663	60,372,208		
Collateralized Mortgage Obligations								
Aaa/AAA	2,720,000	ADJUSTABLE RATE MTG TR	5.370	02/25/36	2,722,125	2,685,393	5.44	3.22
NR/AAA	2,430,000	BANC AMER COML MTG INC	4.510	12/10/42	2,432,753	2,286,181	4.79	4.57
NR/AAA	1,351,737	BANC AMER MTG SECS INC	5.000	08/25/19	1,354,061	1,289,017	5.24	3.32
NR/AAA	2,730,000	BANC OF AMERICA COMMERCIAL MTG	5.740	05/10/45	2,743,663	2,704,644	5.79	7.13
Aaa/AAA	3,654,255	BEAR STEARNS ARM TR	4.010	07/25/34	3,626,849	3,523,278	4.16	2.57
Aaa/NR	1,680,000	BEAR STEARNS COML MTG SECS INC	5.470	04/12/38	1,677,860	1,638,302	5.61	7.13
NR/AAA	259,958	BEAR STEARNS COML MTG SECS INC	2.620	02/13/46	259,941	259,293	2.63	0.07
NR/AAA	4,050,000	CARRINGTON MTG LN TR	5.410	07/25/36	4,050,000	4,050,000	5.41	0.09
Aaa/AAA	1,770,000	CD	5.220	07/15/44	1,771,515	1,689,882	5.47	6.91
Aaa/AAA	80,499	CWABS INC	5.120	06/25/33	80,531	80,637	5.11	0.07
Aaa/AAA	1,337,783	CWABS INC	5.360	06/25/35	1,337,783	1,339,874	5.35	0.07
Aaa/AAA	1,065,765	CWALT INC	5.530	09/25/34	1,067,265	1,065,766	5.53	(0.06)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Collateralized Mortgage Obligations (continued)								
Aaa/AAA	1,898,112	CWALT INC	5.130	10/25/35	1,898,261	1,901,479	5.12	0.03
Aaa/AAA	5,398,560	CWALT INC	5.110	11/20/35	5,398,561	5,418,535	5.09	0.11
Aaa/AAA	1,156,451	CWMBS INC	5.350	02/25/35	1,156,452	1,160,768	5.33	0.10
NR/AAA	1,395,493	CWMBS INC	5.500	08/25/33	1,404,652	1,328,155	5.78	4.51
Aaa/NR	3,475,000	DAIMLER CHRYSLER AUTO TR	5.300	10/08/08	3,474,863	3,467,942	5.31	0.74
Aaa/NR	3,150,000	DAIMLER CHRYSLER AUTO TR	5.330	08/08/10	3,149,563	3,140,648	5.35	1.82
Aaa/AAA	1,119,589	DSLA MTG LN TR	5.070	10/19/45	1,119,589	1,122,453	5.06	0.24
Aaa/AAA	1,306,081	FEDERAL HOME LN MTG CORP	5.500	07/15/15	1,320,979	1,293,971	5.55	3.62
Aaa/AAA	890,000	FEDERAL HOME LN MTG CORP	5.500	08/15/24	913,223	841,754	5.82	6.96
NR/AAA	6,633,793	FIRST FRANKLIN MTG LN TR	5.480	12/25/32	6,655,177	6,649,715	5.47	0.07
NR/NR	2,133,527	FREDDIE MAC	5.500	10/15/33	2,219,036	2,102,788	5.58	3.19
Aaa/AAA	1,131,761	GMAC MTG LN TR	4.910	06/19/35	1,139,543	1,112,816	4.99	1.82
Aaa/AAA	1,747,618	GRANITE MTGS 03 1 PLC	4.790	01/20/20	1,747,619	1,751,385	4.78	1.12
Aaa/AAA	885,642	GS MTG SECs CORP	5.320	01/25/32	885,642	889,415	5.30	(0.01)
Aaa/AAA	1,600,000	GS MTG SECs CORP II	4.680	07/10/39	1,615,946	1,504,575	4.98	5.05
Aaa/AAA	1,250,000	GS MTG SECs CORP II	4.760	07/10/39	1,262,415	1,152,013	5.16	16.47
NR/AAA	1,000,000	GS MTG SECs CORP II	5.550	04/10/38	1,004,976	971,792	5.71	14.71
Aaa/AAA	2,767,429	HARBORVIEW MTG LN TR	5.220	11/19/35	2,766,564	2,769,285	5.22	0.10
Aaa/AAA	4,051,030	IMPAC SECD ASSETS CORP	5.140	03/25/36	4,051,031	4,059,650	5.13	0.10
Aaa/AAA	3,643,450	INDYMAC MBS INC	5.860	10/25/36	3,679,885	3,677,066	5.81	0.23
Aaa/NR	150,000	JP MORGAN CHASE COML MTG SECs	4.900	09/12/37	149,584	139,349	5.27	6.90
Aaa/AAA	1,120,000	JP MORGAN CHASE COML MTG SECs	4.850	08/15/42	1,103,244	1,082,691	5.02	3.55
Aaa/NR	700,000	JP MORGAN CHASE COML MTG SECs	4.920	10/15/42	703,464	650,247	5.30	5.11
Aaa/NR	700,000	JP MORGAN CHASE COML MTG SECs	5.290	01/12/43	703,497	670,882	5.52	6.95
Aaa/AAA	3,230,114	LB COML CONDUIT MTG TR	6.300	10/15/35	3,304,685	3,263,745	6.24	1.84
Aaa/NR	1,750,000	LB UBS COML MTG TR	4.820	04/15/30	1,758,703	1,696,317	4.97	3.30
NR/AAA	1,750,000	LB UBS COML MTG TR	4.960	09/15/40	1,758,706	1,677,271	5.18	4.62
NR/AAA	815,000	LB UBS COML MTG TR	4.950	09/15/30	819,014	761,702	5.30	6.88
NR/NR	1,369	MANUFACTURERS HANOVER MTG CORP	11.500	04/25/15	1,364	1,546	10.18	N/A
NR/AAA	1,340,000	MERRILL LYNCH MTG TR	5.840	05/12/39	1,337,235	1,320,395	5.93	7.07
Aaa/AAA	1,140,000	MERRILL LYNCH MTG TR	4.750	06/12/43	1,146,204	1,048,390	5.17	6.80
Aaa/AAA	1,760,000	MERRILL LYNCH MTG TR	5.240	11/12/37	1,759,647	1,682,615	5.48	6.97
NR/AAA	1,210,000	MORGAN STANLEY CAP I INC	4.990	08/13/42	1,216,634	1,132,725	5.33	6.81
Aaa/AAA	1,600,000	MORGAN STANLEY MTG LN TR	1.000	06/25/36	1,595,688	1,595,687	1.00	4.21
Aaa/NR	2,901,292	NATIONSLINK FDG CORP	6.400	03/20/30	2,933,592	2,912,009	6.38	1.04
Aaa/AAA	1,963,732	NEW CENTY HOME EQUITY LN TR	4.940	10/25/35	1,963,732	1,963,929	4.94	0.07
NR/NR	591,631	OCWEN RESIDENTIAL MBS CORP	6.800	06/25/39	467,361	413,491	9.73	N/A
Aaa/AAA	4,475,214	RESIDENTIAL ACCREDIT LNS INC	5.220	10/25/45	4,483,606	4,495,541	5.20	0.09
NR/NR	1,059,973	SMALL BUSINESS ADMIN PARTN CTF	5.200	08/01/12	1,088,460	1,034,142	5.33	5.15
Aaa/AAA	3,806,997	STRUCTURED ADJ RATE MTG LN TR	5.140	10/25/35	3,807,593	3,817,156	5.13	0.13
Aaa/AAA	2,795,688	STRUCTURED ASSET INVESTMENT LO	5.160	01/25/36	2,795,688	2,796,124	5.16	0.07
Aaa/AAA	1,112,938	STRUCTURED ASSET SECs CORP	5.150	02/25/35	1,123,155	1,087,929	5.27	0.06
Aaa/AAA	1,518,570	STRUCTURED ASSET SECs CORP	6.000	08/25/35	1,543,604	1,482,940	6.14	3.65
Aaa/AAA	3,929,866	STRUCTURED ASSET SECs CORP	5.120	11/25/35	3,929,867	3,941,858	5.10	0.12
Aaa/AAA	4,591,365	THORNBURG MTG SECs TR	5.080	10/25/35	4,591,366	4,591,366	5.08	(0.07)
Aaa/NR	4,400,000	THORNBURG MTG SECs TR	5.490	06/25/09	4,400,000	4,399,560	5.49	0.10
Aaa/NR	4,400,000	THORNBURG MTG SECs TR	5.500	06/25/09	4,400,000	4,399,560	5.50	0.10
Aaa/AAA	4,050,000	USAA AUTO OWNER TR	5.320	09/15/10	4,049,957	4,037,344	5.34	1.87
Aaa/NR	450,000	VANDERBLT MTG FIN INC	7.600	07/07/28	446,695	459,477	7.44	2.20
Aaa/AAA	2,210,000	WACHOVIA BK COML MTG TR	4.940	04/15/42	2,239,956	2,062,127	5.29	6.83
Aaa/AAA	2,002,470	WACHOVIA MTG LN TR LLC	4.930	10/25/35	2,002,470	2,002,734	4.93	0.07
Aaa/AAA	3,435,192	WAMU MTG PASS THROUGH CTFS	5.110	10/25/45	3,435,192	3,436,937	5.11	0.26
Aaa/AAA	4,506,692	WAMU MTG PASS THROUGH CTFS	5.100	11/25/45	4,506,693	4,499,671	5.11	0.15
Aaa/AAA	1,210,000	WAMU MTG PASS THROUGH CTFS	5.500	08/25/35	1,220,966	1,183,361	5.62	3.00
Aaa/AAA	4,980,858	WAMU MTG PASS THROUGH CTFS	5.110	12/25/45	4,980,859	4,984,295	5.11	0.15
Aaa/AAA	1,360,000	WASHINGTON MUT MTG SECs CORP	5.500	06/25/35	1,368,925	1,261,010	5.93	6.45
NR/AAA	4,400,000	ZUNI MTG LN TR 2006 1	5.480	08/25/36	4,400,000	4,400,000	5.48	
		Total Collateralized Mortgage Obligations			153,525,729	151,314,595		
		Total Mortgage Backed Securities			216,890,392	211,686,803		

Other  
Asset Backed

Aaa/AAA	304,498	AFC MTG LN TR	5.050	06/25/30	303,547	304,784	5.05	0.11
Aaa/AAA	3,525,000	AMERICAN EXPRESS CR ACCOUNT	4.940	02/15/13	3,525,000	3,528,856	4.93	0.04
Aaa/AAA	3,795,623	AMERIQUEST MTG SECs INC	5.380	11/25/34	3,805,113	3,807,485	5.36	0.24
Aaa/AAA	1,839,085	BANK ONE AUTO SECURITIZATION	2.430	03/22/10	1,821,701	1,793,109	2.49	0.51
Aaa/AAA	3,250,000	BANK ONE ISSUANCE TR	4.860	12/15/10	3,250,000	3,257,111	4.85	0.04
B/NR	300,000	BANKAMERICA MANUFACTURED	6.900	04/10/28	309,000	346,504	5.97	1.73

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Asset Backed (continued)								
Ca/NR	250,000	BANKAMERICA MANUFACTURED HSG	7.880	10/10/26	90,000	136,923	14.39	7.31
Aaa/AAA	2,000,000	CALIFORNIA INFR & ECONOMIC DEV	6.480	12/26/09	2,205,975	2,019,271	6.42	0.87
Aaa/AAA	4,800,000	CAPITAL AUTO RECEIVABLES ASSET	3.350	02/15/08	4,799,124	4,756,502	3.38	0.47
Aaa/AAA	3,500,000	CAPITAL AUTO RECEIVABLES ASSET	4.050	07/15/09	3,499,820	3,448,046	4.11	1.16
Aaa/AAA	1,600,000	CAPITAL ONE MULTI ASSET EXECUT	4.050	02/15/11	1,598,966	1,561,501	4.15	1.76
Aaa/NR	3,075,000	CHASE AUTO OWNER TR	5.370	01/15/09	3,074,954	3,070,197	5.38	0.89
Aaa/AAA	4,525,000	CHASE CR CARD OWNER TR	5.010	02/15/11	4,539,494	4,537,729	5.00	0.04
Aaa/AAA	3,625,000	CHASE ISSUANCE TR	3.220	06/15/10	3,624,366	3,522,481	3.31	1.23
Aaa/AAA	400,000	CHASE ISSUANCE TR	4.760	12/15/10	400,000	400,250	4.76	0.04
Aaa/AAA	770,000	CHASE ISSUANCE TR	5.220	11/15/11	770,000	770,722	5.22	0.04
Aaa/AAA	430,000	CHASE ISSUANCE TR	4.820	12/15/14	430,000	430,605	4.81	0.12
A/A	1,000,000	CITIBANK CR CARD ISSUANCE TR	4.400	09/15/10	999,810	975,625	4.51	2.04
Aaa/AAA	3,500,000	CITIBANK CR CARD ISSUANCE TR	2.900	05/17/10	3,352,480	3,340,313	3.04	1.78
Aaa/AAA	4,725,000	CITIBANK CR CARD ISSUANCE TR	2.550	01/20/09	4,728,071	4,648,956	2.59	0.53
Aaa/AAA	4,200,000	CITIBANK CR CARD ISSUANCE TR	3.200	08/24/09	4,197,606	4,090,405	3.29	1.09
Aaa/AAA	3,325,000	CITIBANK CR CARD ISSUANCE TR	4.850	02/10/11	3,324,069	3,274,088	4.93	2.37
Aaa/AAA	3,500,000	CITIBANK CR CARD ISSUANCE TR	5.300	05/20/11	3,496,290	3,482,500	5.33	2.63
Caa/CCC	200,000	CONSECO FIN SECURITIZATIONS CO	8.310	05/01/32	165,000	162,322	10.24	4.98
Aaa/AAA	270,185	CONSECO FIN SECURITIZATIONS CO	6.600	02/01/33	273,437	265,199	6.72	4.43
Ca/D	571,526	CONTIMORTGAGE HOME EQUITY LN	8.500	04/25/30	270,046	460,082	10.56	3.51
Aaa/AAA	2,830,000	CREDIT SUISSE FIRST BOSTON	3.940	05/15/38	2,527,875	2,529,603	4.41	5.64
Aaa/AAA	3,246,641	CWABS INC	4.940	02/25/36	3,246,641	3,247,657	4.94	0.07
Aaa/AAA	2,611,043	CWABS INC	5.190	05/25/36	2,611,043	2,611,861	5.19	0.07
Aaa/AAA	1,800,000	CWABS INC	5.280	07/25/36	1,799,991	1,778,344	5.34	2.04
Aaa/AAA	631,522	CWABS INC	5.100	11/15/28	630,511	633,594	5.08	0.09
Aaa/AAA	194,062	CWABS INC	5.160	06/25/33	194,063	194,245	5.16	0.07
Aaa/AAA	3,577,710	CWHEQ INC	4.990	12/15/35	3,577,711	3,585,539	4.98	0.04
Aaa/AAA	3,315,627	CWHEQ INC	4.990	12/25/35	3,315,628	3,322,882	4.98	0.05
Aaa/AAA	1,488,111	DAIMLER CHRYSLER AUTO TR	2.880	10/08/09	1,490,669	1,466,719	2.92	0.52
Aaa/AAA	1,775,000	E TRADE RV & MARINE TR	3.620	10/08/18	1,679,594	1,662,121	3.87	2.73
NR/NR	100,000	FIRSTFED CORP	8.060	10/15/22	135,000	141,420	5.70	N/A
Aaa/AAA	3,550,000	FORD CR AUTO OWNER TR	4.300	08/15/09	3,549,923	3,494,531	4.37	1.21
Aaa/AAA	1,580,000	FORD CR AUTO OWNER TR	5.070	12/15/10	1,579,559	1,565,434	5.12	2.81
Aaa/AAA	1,045,964	FORD CR FLOORPLAN MASTER OW TR	4.790	07/15/09	1,045,965	1,045,638	4.79	0.04
Aaa/AAA	400,000	GE DEALER FLOORPLAN MASTER NT	4.820	04/20/10	400,000	400,438	4.81	0.05
Aaa/AAA	4,400,000	GMAC HOME EQUITY LN TR	5.290	11/25/36	4,406,188	4,401,795	5.29	26.39
Aaa/AAA	2,150,000	GREENWICH CAP COML FDG CORP	4.570	08/10/42	2,137,402	2,028,671	4.84	4.55
Aaa/AAA	404,588	HARLEY DAVIDSON MOTORCYCLE TR	3.090	06/15/10	406,485	396,244	3.16	0.83
Aaa/AAA	1,365,147	HARLEY DAVIDSON MOTORCYCLE TR	2.760	05/15/11	1,337,845	1,324,193	2.85	0.45
Aaa/AAA	3,550,000	HONDA AUTO RECEIVABLES	5.070	02/18/10	3,549,859	3,523,929	5.11	1.64
Aaa/AAA	455,906	IMPAC CMB TR	5.140	10/25/33	455,906	456,075	5.14	0.07
Aaa/AAA	2,000,000	MBNA CR CARD MASTER NT TR	4.950	06/15/09	2,087,344	1,993,750	4.97	0.52
Aaa/AAA	2,000,000	MBNA CR CARD MASTER NT TR	4.300	02/15/11	1,999,919	1,953,126	4.40	2.05
Aaa/AAA	4,200,000	MBNA CREDIT CARD MASTER NOTE	5.030	02/15/11	4,214,602	4,213,125	5.01	0.04
Aaa/AAA	2,081,118	MERRILL LYNCH MTG INV'S INC	4.840	12/25/35	2,084,045	2,086,322	4.83	0.07
Aaa/AAA	2,487,982	MORGAN STANLEY ABS CAP I	5.180	07/25/35	2,488,371	2,488,761	5.18	0.07
Aaa/AAA	425,912	MSDWCC HELOC TR	5.010	07/25/17	425,912	426,578	5.00	0.09
NR/AAA	4,200,000	NOMURA HOME EQUITY LN INC HOME	5.420	03/25/36	4,200,000	4,200,000	5.42	0.09
C/D	2,498,568	OMI TR	8.490	10/15/30	349,800	461,236	45.99	3.69
Aaa/AAA	363,071	OPTION ONE MTG LN TR	5.240	02/25/33	363,072	364,093	5.23	0.07
Aaa/AAA	2,441,123	OPTION ONE MTG LN TR	5.170	12/25/35	2,441,124	2,441,504	5.17	0.07
NR/NR	1,450,000	PATRONS LEGACY 2003 III	5.650	01/17/17	1,458,250	1,451,566	5.64	5.48
Aaa/AAA	216,744	PG&E ENERGY RECOVERY FDG LLC	3.320	09/25/08	216,138	215,784	3.33	0.23
Aaa/AAA	2,400,000	RESIDENTIAL ASST MTG PRODS INC	5.630	01/25/34	2,399,939	2,353,500	5.74	5.89
Aaa/AAA	3,384,950	RESIDENTIAL FDG MTG SECS II IN	4.940	09/25/35	3,384,951	3,385,479	4.94	0.06
Aaa/AAA	1,457,368	SECURITIZED ASSET BKD RECEIVAB	5.020	01/25/36	1,456,734	1,458,735	5.02	0.10
Aaa/AAA	1,963,992	STRUCTURED ASSET INV'L LN TR	5.340	08/25/34	1,966,141	1,965,835	5.33	0.08
Aaa/AAA	1,911,913	STRUCTURED ASSET SECS CORP	3.360	01/25/31	1,900,337	1,707,619	3.76	16.35
NR/NR	250,000	TOYOTA MTR CR CORP MTN BK ENT	4.400	10/01/08	249,775	244,411	4.50	2.09
Ca/NR	500,000	UCFC FDG CORP	6.980	07/15/29	190,000	85,026	41.05	2.54
NR/NR	600,000	USAIR 1989 A PASSTHRU TRUSTS	0.000	01/01/49	67,264	6,840	0.00	42.21
NR/NR	700,000	USAIR 1993 A PASSTHRU TRUSTS	10.380	03/01/49	197,034	301,000	24.14	14.36
Baa/NR	79,008	VANDERBILT MTG & FIN INC	8.160	10/07/26	80,095	80,912	7.97	1.63
Baa/NR	120,000	VANDERBILT MTG & FIN INC	7.830	08/07/27	120,825	123,289	7.62	1.60
Aaa/AAA	1,525,000	VOLKSWAGEN AUTO LEASE TR	3.940	10/20/10	1,524,848	1,492,594	4.03	1.15
Aaa/AAA	1,310,218	WACHOVIA ASSET SECURITIZATION	5.090	12/25/32	1,310,218	1,314,313	5.07	0.07

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Asset Backed (continued)								
Aaa/AAA	3,474,151	WACHOVIA AUTO OWNER TRUST	3.190	06/20/08	3,442,125	3,446,466	3.22	0.37
NR/AAA	3,250,000	WACHOVIA AUTO OWNER TRUST	5.380	03/20/13	3,249,263	3,237,813	5.40	3.19
Aaa/AAA	1,900,000	WFS FINL 2005 2 OWNER TR	4.170	12/17/09	1,899,967	1,881,296	4.21	1.10
		Total Asset Backed			144,699,820	143,583,472		
Miscellaneous								
Baa/BBB	1,250,000	AEP TEX CENT CO	5.500	02/15/13	1,256,745	1,215,417	5.66	5.35
B/B	31,000	AES CORP	9.380	09/15/10	33,730	33,170	8.77	3.38
B/B	197,000	AES CORP	9.500	06/01/09	192,095	208,820	8.96	2.52
B/B	77,000	AES CORP	8.880	02/15/11	73,728	80,850	8.46	3.66
Ba/BB	1,971,000	AES CORP	8.750	05/15/13	2,117,913	2,108,970	8.18	2.71
Ba/BB	490,000	AES CORP	9.000	05/15/15	558,650	526,750	8.37	2.78
B/B	64,000	AES CORP	8.750	06/15/08	61,600	66,080	8.47	1.78
B/B	92,319	AES IRONWOOD LLC	8.860	11/30/25	102,936	99,705	8.20	6.65
B/NR	565,000	AMERIGAS PARTNERS LP	7.250	05/20/15	565,000	533,925	7.67	5.97
B/B	1,500,000	ASHTEAD HLDGS PLC	8.630	08/01/15	1,553,925	1,515,000	8.54	5.28
Baa/A	500,000	AT&T WIRELESS SVCS INC	7.880	03/01/11	581,060	537,748	7.33	3.82
B/B	4,520,000	BASIC ENERGY SVCS INC NEW	7.130	04/15/16	4,479,803	4,203,600	7.67	6.44
Ba/NR	1,740,000	BEAZER HOMES USA INC	8.130	06/15/16	1,740,000	1,672,575	8.46	6.63
A/A	500,000	BELLSOUTH CORP	4.200	09/15/09	499,130	475,509	4.42	2.91
A/A	1,750,000	BELLSOUTH CORP	4.750	11/15/12	1,746,505	1,618,055	5.14	5.34
A/A	425,000	BOSTON EDISON CO	4.880	10/15/12	430,852	406,040	5.11	5.27
A/BBB	250,000	CAROLINA PWR & LT CO	5.250	12/15/15	249,313	236,803	5.54	7.29
Ba/BBB	690,000	CENTERPOINT ENERGY INC	7.250	09/01/10	756,554	718,394	6.96	3.50
Baa/BBB	100,000	CENTURYTEL INC	5.000	02/15/15	96,116	88,416	5.66	6.64
Ba/BB	1,431,000	CHESAPEAKE ENERGY CORP	6.500	08/15/17	1,416,690	1,305,788	7.12	7.47
B/B	295,000	CINCINNATI BELL INC NEW	7.250	07/15/13	290,475	290,575	7.36	4.54
AA/AA	2,420,000	CITIGROUP INC	5.850	07/02/13	2,416,951	2,420,819	5.85	5.68
Ba/BB	1,634,000	CITIZENS COMMUNICATIONS CO	6.250	01/15/13	1,604,384	1,544,130	6.61	5.09
Baa/BBB	40,000	CLEVELAND ELEC ILLUM CO	5.650	12/15/13	39,749	38,687	5.84	5.97
B/B	1,724,000	CMS ENERGY CORP	6.300	02/01/12	1,720,949	1,629,180	6.67	4.49
A/A	150,000	CONSOLIDATED EDISON CO NY INC	5.380	12/15/15	149,655	143,839	5.61	7.28
Baa/BBB	275,000	CONSOLIDATED NAT GAS CO	5.000	03/01/14	273,237	255,911	5.37	6.11
Baa/BBB	500,000	CONSTELLATION ENERGY GROUP INC	7.000	04/01/12	563,720	523,123	6.69	4.64
Baa/BBB	715,000	DOMINION RES INC DEL	5.700	09/17/12	686,507	697,542	5.84	5.07
Baa/BBB	690,000	DOMINION RES INC DEL	5.130	12/15/09	686,916	674,438	5.25	3.11
Baa/BBB	200,000	DOMINION RES INC VA NEW	4.750	12/15/10	199,782	190,834	4.98	3.93
Baa/BBB	400,000	DOMINION RES INC VA NEW	5.150	07/15/15	399,348	366,284	5.62	6.87
Baa/BBB	745,000	DTE ENERGY CO	7.050	06/01/11	844,852	771,859	6.80	4.11
Baa/BBB	1,000,000	DUKE CAP CORP	7.500	10/01/09	1,130,510	1,047,394	7.16	2.82
A/BBB	150,000	DUKE ENERGY CO	6.250	01/15/12	162,805	153,063	6.12	4.52
A/BBB	340,000	DUKE ENERGY CO	5.630	11/30/12	339,673	336,295	5.69	5.29
A/BBB	1,000,000	DUKE ENERGY CO	4.200	10/01/08	1,005,150	969,951	4.33	2.09
B/B	1,130,000	EDISON MISSION ENERGY	7.500	06/15/13	1,130,000	1,107,400	7.65	5.30
B/B	890,000	EL PASO ENERGY	7.800	08/01/31	818,375	864,413	8.03	10.40
B/B	420,000	EL PASO ENERGY CORP MTN	7.750	01/15/32	380,650	408,975	7.96	10.48
Ba/B	1,108,000	EL PASO NAT GAS CO	8.380	06/15/32	1,108,000	1,178,491	7.88	10.87
Baa/BBB	200,000	EMBARQ CORP	7.080	06/01/16	199,988	197,344	7.18	6.98
Baa/BBB	100,000	EMBARQ CORP	6.740	06/01/13	99,995	99,201	6.79	5.42
NR/NR	500,000	EMERALDS TR	5.380	08/04/20	500,000	501,045	5.37	0.16
Baa/BBB	1,965,000	EXELON CORP	6.750	05/01/11	2,108,595	2,035,139	6.52	4.05
Baa/BBB	100,000	EXELON CORP	5.630	06/15/35	98,427	87,724	6.42	13.32
Baa/BBB	250,000	EXELON CORP	4.900	06/15/15	247,243	227,250	5.39	7.05
Baa/BBB	1,625,000	FIRST ENERGY CORP	7.380	11/15/31	1,543,013	1,743,181	6.88	11.84
Baa/BBB	715,000	FIRST ENERGY CORP	5.500	11/15/06	745,586	715,083	5.50	0.37
Baa/BBB	300,000	FIRST ENERGY CORP	6.450	11/15/11	313,329	305,616	6.33	4.47
AA/A	1,230,000	FLORIDA PWR & LT CO	4.850	02/01/13	1,266,629	1,175,713	5.07	5.42
AA/A	225,000	FLORIDA PWR & LT CO	5.630	04/01/34	225,331	208,542	6.07	13.28
A/BBB	150,000	FLORIDA PWR CORP	4.500	06/01/10	150,320	143,347	4.71	3.51
NR/NR	555,000	GENERAL ELECTRIC CAPITAL CORP	6.500	09/28/15	387,935	330,455	10.92	6.71
Ba/BB	2,380,000	GENERAL MTRS ACCEP CORP	5.630	05/15/09	2,140,232	2,263,761	5.92	2.57
A/A	300,000	GEORGIA PWR CO	5.250	12/15/15	299,346	286,664	5.49	7.31
Ba/B	700,000	HOLLY ENERGY PARTNERS LP	6.250	03/01/15	700,000	640,500	6.83	6.11
Ba/BB	98,340	HOMER CITY FDG LLC	8.730	10/01/26	109,649	109,157	7.86	7.86
Ba/BB	500,000	HOVNANIAN K ENTERPRISES INC	8.630	01/15/17	500,000	496,250	8.70	6.80
B/B	540,000	INERGY LP & INERGY FIN CORP	6.880	12/15/14	541,109	502,200	7.40	5.91
Caa/B	180,000	INTELSAT LTD	6.500	11/01/13	159,954	136,800	8.55	5.33

# PORTFOLIO OF INVESTMENTS

JUNE 30, 2006 (CONTINUED)

Rating Moody's/S&P	Par Value		Interest Rate	Maturity Date	Cost	Fair Value	Current Yield	Duration
	\$	FIXED INCOME (continued)	%		\$	\$	%	
Miscellaneous (continued)								
Baa/BBB	300,000	KINDER MORGAN FIN CORP	5.700	01/05/16	296,787	259,697	6.58	6.79
AA/AA	150,000	MANITOBA PROV CDA	4.450	04/12/10	149,787	144,982	4.60	3.39
A/A	250,000	MARSHALL & ILSLEY CORP	5.350	04/01/11	248,768	246,031	5.44	4.08
A/A	125,000	MIDAMERICAN ENERGY CO	5.130	01/15/13	129,271	120,493	5.32	5.33
B/B	186,895	MIDWEST GENERATION LLC	8.560	01/02/16	204,562	196,241	8.15	4.32
Baa/BBB	650,000	NEXTEL COMMUNICATIONS INC	7.380	08/01/15	698,750	668,749	7.17	4.24
Baa/A	125,000	NIAGARA MOHAWK PWR CORP	7.750	10/01/08	142,703	130,372	7.43	2.02
Baa/BBB	1,000,000	NISOURCE FIN CORP	7.880	11/15/10	1,166,260	1,074,340	7.33	3.66
B/B	1,785,000	NTL CABLE PLC	8.750	04/15/14	1,785,000	1,771,613	8.82	4.82
Baa/BBB	105,000	ONCOR ELEC DELIVERY CO	6.380	01/15/15	104,147	105,481	6.35	6.34
Baa/BBB	200,000	ONEOK INC NEW	5.200	06/15/15	199,892	184,194	5.65	6.96
AA/AA	1,350,000	ONTARIO PROV CDA	6.250	06/16/15	953,071	801,792	10.52	6.78
B/B	110,000	ORION PWR HLDGS INC	12.000	05/01/10	132,000	124,300	10.62	3.05
Ba/BB	1,755,000	PACIFIC ENERGY PARTNERS LP	7.130	06/15/14	1,902,708	1,772,550	7.06	4.88
Baa/BBB	880,000	PACIFIC GAS & ELEC CO	6.050	03/01/34	895,051	830,328	6.41	12.78
B/B	2,797,000	PANAMSAT CORP NEW	9.000	08/15/14	2,944,230	2,838,955	8.87	4.70
B/B	105,000	PANAMSAT CORP NEW	9.000	06/15/16	105,000	106,575	8.87	5.86
A/A	1,255,000	PECO ENERGY CO	4.750	10/01/12	1,284,354	1,186,108	5.03	5.24
Baa/BBB	200,000	PEMEX PROJ FDG MASTER TR	5.750	12/15/15	197,778	184,200	6.24	7.08
Baa/NR	3,300,000	PETROBRAS INTL FIN CO	7.750	09/15/14	3,255,054	3,436,125	7.44	5.93
Baa/BBB	250,000	PPL ENERGY SUPPLY LLC	6.400	11/01/11	273,640	255,227	6.27	4.43
Baa/BBB	735,000	PROGRESS ENERGY INC	7.100	03/01/11	829,617	765,316	6.82	3.86
Baa/BBB	1,000,000	PSEG PWR LLC	3.750	04/01/09	977,900	947,244	3.96	2.54
Baa/BBB	185,000	PSI ENERGY INC	5.000	09/15/13	186,817	174,540	5.30	5.84
Baa/BBB	100,000	PSI ENERGY INC	6.050	06/15/16	99,954	99,025	6.11	7.37
B/B	280,000	QWEST COMMUNICATIONS INTL INC	8.250	02/15/09	280,000	285,250	8.10	0.13
B/B	90,000	QWEST COMMUNICATIONS INTL INC	7.500	02/15/14	82,644	87,750	7.69	4.96
B/B	3,000,000	RELIANT RES INC	9.500	07/15/13	3,315,000	3,015,000	9.45	4.15
Ba/BB	2,150,000	ROGERS WIRELESS INC	7.250	12/15/12	2,255,100	2,166,125	7.20	5.08
A/A	150,000	SAN DIEGO GAS & ELEC CO	5.300	11/15/15	149,702	143,707	5.53	7.22
A/A	2,000,000	SBC COMMUNICATIONS INC	4.210	06/05/07	1,991,476	1,972,420	4.27	11.00
A/A	2,950,000	SBC COMMUNICATIONS INC	4.130	09/15/09	2,939,211	2,799,114	4.35	2.91
A/A	6,105,000	SBC COMMUNICATIONS INC	5.100	09/15/14	6,131,121	5,642,690	5.52	6.45
Baa/BBB	100,000	SCOTTISH POWER PLC	4.910	03/15/10	99,970	96,722	5.08	3.28
Baa/BBB	1,960,000	SCOTTISH PWR PLC	5.380	03/15/15	1,960,659	1,866,190	5.65	6.71
Ba/BB	1,450,000	SIERRA PAC PWR CO	6.000	05/15/16	1,448,246	1,378,573	6.31	7.19
B/B	150,000	SIERRA PAC RES NEW	6.750	08/15/17	150,000	141,723	7.14	6.67
A/BBB	150,000	SOUTHERN CA EDISON CO	5.000	01/15/14	152,556	142,509	5.26	6.02
Ba/B	1,535,000	SOUTHERN NAT GAS CO	8.000	03/01/32	1,378,641	1,586,131	7.74	10.75
Ba/B	200,000	SOUTHERN NAT GAS CO	8.880	03/15/10	223,500	211,250	8.41	1.39
Baa/BBB	1,175,000	SPRINT CAP CORP	4.780	08/17/06	1,195,363	1,174,129	4.78	0.13
B/B	1,298,000	SYNIVERSE TECHNOLOGIES INC	7.750	08/15/13	1,320,785	1,262,305	7.97	4.80
Baa/BBB	600,000	TELECOM ITALIA CAP	6.000	09/30/34	589,981	508,817	7.08	12.35
B/B	48,861	TENASKA AL PARTNERS LP	7.000	06/30/21	48,862	47,622	7.18	6.16
Ba/BB	900,000	TESORO CORP	6.630	11/01/15	900,000	852,750	7.00	6.29
Ba/BB	270,000	TRANSCONTINENTAL GAS PIPE LINE	8.880	07/15/12	326,550	297,675	8.05	4.54
Ba/BB	80,000	TXU CORP	5.550	11/15/14	71,857	72,562	6.12	6.45
Ba/BB	1,325,000	TXU CORP	6.550	11/15/34	1,260,527	1,163,986	7.46	11.73
Baa/BBB	670,000	TXU ENERGY CO LLC	7.000	03/15/13	724,005	683,471	6.86	5.21
B/B	3,400,000	UNITED REFINING CO	10.500	08/15/12	3,321,000	3,519,000	10.14	3.48
Baa/BBB	100,000	UNIVERSAL HEALTH SVCS INC	7.130	06/30/16	99,458	100,458	7.10	7.08
Baa/BBB	100,000	VIRGINIA ELEC & PWR CO	5.400	01/15/16	98,846	94,650	5.71	7.12
Ba/BB	440,000	WILLIAMS COS INC	6.380	10/01/10	440,000	429,000	6.54	3.60
Ba/BB	292,000	WILLIAMS PARTNERS LP FIN CORP	7.500	06/15/11	292,000	292,730	7.48	4.07
Ba/BB	340,000	WINDSTREAM CORP	8.630	08/01/16	331,660	347,650	8.44	5.51
Baa/BBB	100,000	XTO ENERGY INC	5.000	01/31/15	97,835	91,492	5.46	6.65
Baa/BBB	200,000	XTO ENERGY INC	5.300	06/30/15	202,936	186,274	5.69	6.99
	Total Miscellaneous				99,843,306	96,553,993		
Private Placement								
NR/NR	1,670,000	KAUPTHING BK HF	5.800	04/12/11	1,670,000	1,670,585	5.80	0.03
NR/NR	180,000	QWEST CORP	8.160	06/15/13	180,000	190,350	7.72	0.40
Ba/BB	1,290,000	UNISYS CORP	8.000	10/15/12	1,290,000	1,199,700	8.60	4.70
A/A	300,000	VODAFONE GROUP	5.000	09/15/15	301,626	269,499	5.57	7.06
	Total Private Placement				3,441,626	3,330,134		
	Total Other				247,984,752	243,467,599		

Shares		Cost	Fair Value	Dividend Yield
		\$	\$	%
<b>COMMON STOCK &amp; EQUITY FUNDS</b>				
<b>Commingled</b>				
1,089,419	WESTERN ASSET OPPORTUNISTIC	17,270,493	23,290,680	
330,051	WESTERN ASSET OPPORTUNISTIC	5,144,974	5,195,669	
825,475	WESTERN ASSET OPPORTUNISTIC US	9,783,124	12,226,937	
	Total Commingled	32,198,591	40,713,286	
	Total Corporate Obligations	1,425,694,020	1,382,574,163	
<b>TOTAL FIXED INCOME</b>				
<b>Consumer Discretionary</b>				
3,000	ABERCROMBIE AND FITCH CO	192,332	166,290	1.30
140,600	ACCO BRANDS CORP	2,596,626	3,079,140	0.00
94,800	ADVANCE AUTO PARTS	3,693,593	2,739,720	0.80
277,600	AEROPOSTALE	8,988,773	8,019,864	0.00
67,190	AFTERMARKET TECHNOLOGY CORP	1,010,965	1,669,672	0.00
44,100	AMAZON COM INC	1,964,579	1,705,788	0.00
3,800	AMERICAN EAGLE OUTFITTERS INC	129,124	129,352	1.30
163,050	AMERICAN GREETINGS CORP	2,344,099	3,425,681	1.50
2,300	ANN TAYLOR STORES CORP	93,135	99,774	0.00
24,872	AQUANTIVE INC	380,049	630,008	0.00
23,600	ARCTIC CAT INC	566,867	460,436	1.40
155,200	ARVINMERITOR INC	2,359,674	2,667,888	2.30
143,400	AUTOLIV	3,639,194	8,112,138	2.50
17,906	AUTONATION INC DEL	242,064	383,905	0.00
8,766	AUTOZONE INC	763,855	773,161	0.00
117,000	BARNES & NOBLE INC	1,662,083	4,270,500	1.60
49,800	BEAZER HOMES USA INC	3,523,975	2,284,326	0.90
294,579	BED BATH & BEYOND INC	11,095,196	9,771,185	0.00
124,318	BEST BUY CO INC	4,463,050	6,817,599	0.70
12,326	BIG LOTS INC	196,303	210,528	0.00
138,300	BJS WHSL CLUB INC	2,690,825	3,920,805	0.00
24,612	BLACK & DECKER CORPORATION	1,800,896	2,078,730	1.80
32,600	BLUELINX HLDGS INC	511,854	424,778	3.80
158,900	BOB EVANS FARMS INC	3,524,303	4,768,589	1.60
7,400	BORG WARNER INC	371,054	481,740	1.00
1,500	BOYD GAMING CORP	74,745	60,540	1.30
77,300	BRINKER INTL INC	2,838,800	2,805,990	1.10
23,750	BROWN SHOE INC NEW	630,405	809,400	0.90
10,367	BRUNSWICK CORP	226,520	344,703	1.80
70,200	BUILDING MATLS HLDG CORP	2,721,993	1,956,474	1.40
109,949	CABLEVISION SYS CORP	2,248,539	2,358,406	0.00
86,650	CACHE INC	1,316,640	1,502,511	0.00
43,357	CALIFORNIA PIZZA KITCHEN INC	1,281,325	1,191,450	0.00
81,430	CALLAWAY GOLF CO	948,313	1,057,776	2.20
291,505	CARMAX INC	7,488,671	10,336,767	0.00
10,800	CARTER HOLDINGS	359,736	285,444	0.00
42,900	CATALINA MARKETING CORP	1,126,818	1,220,934	1.10
705,700	CBS CORP CLASS B	19,311,385	19,089,185	2.70
18,000	CDW CORP	1,121,652	983,700	1.00
26,830	CEC ENTMT INC	928,781	861,780	0.00
100,878	CENTEX CORP	4,411,384	5,074,163	0.30
143,500	CHARLOTTE RUSSE HLDG INC	2,206,164	3,435,390	0.00
42,946	CHARMING SHOPPES INC	556,509	482,713	0.00
100,700	CHEESECAKE FACTORY	3,323,792	2,713,865	0.00
442,400	CHICOS FAS INC	14,783,498	11,935,952	0.00
1,100	CHOICE HOTELS INC	62,403	66,660	0.90
22,129	CIRCUIT CITY STORES INC	314,850	602,351	0.60
35,300	CLAIRE'S STORES INC	888,264	900,503	1.60
55,643	CLEAR CHANNEL COMMUNICATIONS	1,966,377	1,722,151	2.40
1,900	CLEAR CHANNEL OUTDOOR HLDGS IN	41,045	39,824	0.00
307,334	COACH INC	8,656,783	9,189,287	0.00
2,000	COLDWATER CREEK INC	53,515	53,520	0.00
19,036	COLE KENNETH PRODTNS INC	526,773	425,074	3.20
746,721	COMCAST CORP NEW	20,478,461	24,462,798	0.00
33,100	COMMERCIAL VEH GROUP INC	642,497	684,508	0.00
6,602	COOPER TIRE & RUBBER CO	86,126	73,546	3.80
2,400	COPART INC	64,901	58,944	0.00
89,348	COSTCO WHSL CORP NEW	3,864,705	5,104,451	0.90

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Consumer Discretionary (continued)				
110,200	CSK AUTO CORP	1,717,436	1,319,094	0.00
38	CUMULUS MEDIA INC	0	405	0.00
56,206	D R HORTON INC	2,030,463	1,338,827	1.70
48,120	DARDEN RESTAURANTS INC	1,625,653	1,895,928	1.00
104,800	DICKS SPORTING GOODS INC	3,420,747	4,150,080	0.00
6,631	DILLARDS INC	107,475	211,197	0.50
27,000	DIRECTV GROUP INC	460,466	445,500	0.00
436,181	DISNEY WALT CO	9,700,540	13,085,430	0.90
96,800	DOLBY LABORATORIES INC	1,918,566	2,255,440	0.00
44,233	DOLLAR GEN CORP	654,333	618,377	1.40
8,371	DOW JONES & CO INC	299,103	293,069	2.90
337,210	EASTMAN KODAK CO	11,515,341	8,018,854	2.10
6,900	ECHOSTAR COMMUNICATIONS CORP	221,628	212,589	0.00
524,105	ENTRAVISION COM CORP	4,194,575	4,491,580	0.00
91,250	EXPEDIA INC DEL	1,773,966	1,366,013	0.00
19,648	FAMILY DOLLAR STORES INC	589,766	480,001	1.70
245,598	FEDERATED DEPT STORES INC DE	7,644,304	8,988,887	1.40
1,600	FOOT LOCKER INC	35,712	39,184	1.50
849,521	FORD MTR CO DEL	10,113,909	5,887,181	5.80
174,860	FORTUNE BRANDS INC	13,617,568	12,416,809	2.00
56,600	FREDS INC	770,313	755,610	0.60
199,600	FURNITURE BRANDS INTL INC	4,480,896	4,159,664	3.10
2,200	GAMESTOP CORP NEW	92,395	92,400	0.00
26,157	GANNETT INC	1,962,839	1,462,961	2.10
170,564	GAP INC	2,891,638	2,967,814	1.80
1,600	GARMIN LTD	107,776	168,704	0.50
61,743	GENERAL MTRS CORP	2,183,691	1,839,324	3.40
24,100	GENESCO INC	790,767	816,267	0.00
320,600	GENTEX CORP	5,703,962	4,488,400	2.60
51,100	GETTY IMAGES INC	2,942,433	3,245,361	0.00
224,398	GOODYEAR TIRE AND RUBBER	2,309,162	2,490,818	0.00
47,600	GROUP 1 AUTOMOTIVE INC	2,282,409	2,681,784	1.00
83,600	GTECH HLDGS CORP	2,224,571	2,907,608	1.00
87,680	HARLEY DAVIDSON INC	4,476,273	4,812,755	1.50
147,290	HARMAN INTL INDS INC NEW	12,161,649	12,574,147	0.10
141,942	HARRAHS ENTMT INC	9,561,046	10,103,432	2.00
1,900	HARTE HANKS INC	50,445	48,716	0.90
57,515	HASBRO INC	840,959	1,041,597	2.70
153,726	HILTON HOTELS CORP	3,592,662	4,347,371	0.60
1,700	HNI CORP	88,842	77,095	1.60
354,501	HOME DEPOT INC	11,946,062	12,687,591	1.70
104,460	HOT TOPIC INC	1,703,951	1,202,335	0.00
95,100	HOVNANIAN ENTERPRISES INC	4,009,675	2,860,608	0.00
34,600	INSIGHT ENTERPRISES INC	686,791	659,130	0.00
291,400	INTERFACE INC	2,434,143	3,336,530	0.00
57,530	INTERLINE BRANDS INC	1,392,389	1,345,051	0.00
90,877	INTERNATIONAL GAME TECHNOLOGY	2,555,351	3,447,873	1.30
148,082	INTERPUBLIC GROUP COS INC	1,748,439	1,236,485	0.00
24,503	INVENTIV HEALTH INC	623,730	705,196	0.00
260,000	ITHACA INDS INC NEW	3,250,000	2,730	0.00
95,600	JACK IN THE BOX INC	2,217,721	3,747,520	0.00
88,100	JAKKS PAC INC	1,767,651	1,769,929	0.00
171,115	JOHNSON CTLS INC	7,610,140	14,069,075	1.40
129,722	JONES APPAREL GROUP INC	4,418,422	4,123,862	1.50
285,300	JOURNAL REGISTER CO	4,304,360	2,556,288	0.90
66,400	K2 INC	735,646	726,416	0.00
164,516	KB HOME	7,464,073	7,543,059	2.20
109,780	KEYSTONE AUTOMOTIVE INDS INC	3,099,993	4,634,912	0.00
16,500	KNOLL INC	310,283	302,940	2.20
49,064	KOHL'S CORP	2,809,207	2,900,664	0.00
202,100	LA Z BOY INC	3,904,513	2,829,400	3.40
210,029	LAMAR ADVERTISING CO	8,687,521	11,312,162	0.00
26,000	LANDRYS RESTAURANTS INC	770,498	843,700	0.60
6,200	LAS VEGAS SANDS CORP	458,993	482,732	0.00
107,924	LEAPFROG ENTERPRISES INC	2,257,309	1,090,032	0.00
163,300	LEE ENTERPRISES INC	5,140,893	4,400,935	2.70

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Consumer Discretionary (continued)				
23,383	LEGGETT & PLATT INC	504,629	584,107	2.70
27,000	LENNAR CORP	1,534,969	1,197,990	1.40
343,325	LIBERTY MEDIA HLDG CORP	6,293,322	5,925,790	0.00
65,050	LIBERTY MEDIA HLDG CORP	4,353,528	5,449,239	0.00
140,460	LIFE TIME FITNESS INC	5,085,289	6,499,084	0.00
349,582	LIMITED BRANDS INC	7,782,259	8,945,803	2.30
95,028	LIZ CLAIBORNE INC	3,236,741	3,521,738	0.60
187,081	LOWES COS INC	9,572,674	11,350,204	0.70
10,600	M.D.C. HOLDINGS INC	708,543	550,458	1.90
15,900	MADDEN STEVEN LTD	374,339	470,958	0.00
33,800	MARINEMAX INC	943,927	886,574	0.00
87,644	MARRIOTT INTL INC NEW	2,434,783	3,340,989	0.70
340,189	MATTEL INC	5,467,260	5,616,520	3.00
121,000	MATTHEWS INTL CORP	2,965,842	4,170,870	0.60
1,943	MCCLATCHY CO	76,567	77,986	1.80
280,715	MCDONALDS CORP	6,632,596	9,432,024	2.00
53,500	MCGRAW HILL COS INC	2,029,405	2,687,305	1.50
19,677	MEDIA GEN INC	1,184,922	824,270	2.10
71,462	MENS WEARHOUSE INC	1,615,494	2,165,299	0.70
5,662	MEREDITH CORP	259,033	280,495	1.30
55,200	MERITAGE HOME CORP	2,523,400	2,608,200	0.00
4,000	MGM MIRAGE INC	182,560	163,200	0.00
4,400	MICHAELS STORES INC	170,940	181,456	1.20
600	MOHAWK INDs INC	44,942	42,210	0.00
200,219	MOSSIMO INC	1,090,089	1,591,741	0.00
92,240	NAUTILUS INC	1,418,314	1,449,090	2.60
141,015	NAVIGANT INTL INC	2,373,586	2,260,470	0.00
15,779	NEW YORK TIMES CO	750,980	387,217	2.90
128,428	NEWELL RUBBERMAID INC	3,318,027	3,317,295	3.30
312,600	NEWS CORP	5,758,943	5,995,668	0.60
5,000	NEWS CORP	99,262	100,900	0.50
93,060	NIKE INC	6,916,928	7,537,860	1.50
3,650	NOBLE INTL LTD	50,131	52,268	2.20
57,566	NORDSTROM INC	1,615,793	2,101,159	1.20
1,100	NUTRI SYS INC NEW	68,340	68,343	0.00
3,800	NVR INC	2,835,300	1,866,750	0.00
188,976	O REILLY AUTOMOTIVE INC	4,232,431	5,894,161	0.00
91,924	OAKLEY INC	1,355,945	1,548,919	1.00
41,561	OFFICE DEPOT INC	831,789	1,579,318	0.00
7,777	OFFICEMAX INC DEL	211,996	316,913	1.50
36,507	OMNICOM GROUP	2,625,800	3,252,409	1.10
1,200	OSI RESTAURANT PARTNERS INC	49,044	41,520	1.50
27,047	OXFORD INDs INC	1,107,184	1,065,922	1.50
83,900	P F CHANGS CHINA BISTRO INC	3,789,912	3,189,878	0.00
1,000	PANERA BREAD CO	72,260	67,240	0.00
252,400	PENN NATL GAMING INC	8,088,732	9,788,072	0.00
88,358	PENNEY J C INC	4,156,061	5,965,049	1.10
4,700	PETSMART INC	126,242	120,320	0.50
86,600	PHILLIPS VAN HEUSEN CORP	1,905,233	3,304,656	0.40
27,263	POLARIS INDs INC	1,343,826	1,180,488	2.90
2,000	POLO RALPH LAUREN CORP	112,551	109,800	0.40
1,800	POOL CORP	83,754	78,534	1.00
53,114	PROGRESSIVE GAMING INTL CORP	589,923	414,289	0.00
300,612	PULTE HOMES INC	7,079,022	8,654,619	0.60
107,320	QUIKSILVER INC	1,448,945	1,307,158	0.00
404,375	RADIO ONE INC	4,705,572	2,992,375	0.00
18,171	RADIOSHACK CORP	373,665	254,394	1.80
2,100	REGAL ENTMT GROUP	43,826	42,672	5.90
19,300	REGIS CORP MINNESOTA	810,314	687,273	0.50
88,600	RENT A CTR INC NEW	2,211,940	2,202,596	0.00
272,700	ROSS STORES INC	7,956,594	7,649,235	0.90
29,800	RYANS RESTAURANT GROUP INC	357,106	354,918	0.00
14,400	RYLAND GROUP INC	880,686	627,408	1.10
4,300	SAUER DANFOSS INC	80,142	109,306	2.20
21,346	SCHOLASTIC CORP	653,382	554,356	0.00
48,100	SCHOOL SPECIALTY INC	1,804,388	1,531,985	0.00

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Consumer Discretionary (continued)				
2,200	SCIENTIFIC GAMES CORP	87,844	78,364	0.00
12,100	SCRIPPS E W CO OH	582,619	521,994	1.10
10,848	SEARS HLDGS CORP	1,306,508	1,679,704	0.00
14,451	SHERWIN WILLIAMS CO	450,242	686,133	2.10
3,500	SHILOH INDs INC	66,885	52,640	0.00
47,100	SIRIUS SATELLITE RADIO INC	218,238	223,725	0.00
136,600	SIX FLAGS INC	1,329,895	767,692	0.00
62,042	SNAP ON INC	1,999,419	2,507,738	2.70
167,700	SONIC AUTOMOTIVE INC	3,975,861	3,719,586	2.20
378,450	SONIC CORP	7,340,752	7,867,976	0.00
81,712	SOURCE INTERLINK COS INC	926,812	972,373	0.00
26,030	SPECTRUM BRANDS INC	737,328	336,308	0.00
39,989	STAGE STORES INC	1,122,252	1,319,637	0.60
110,000	STANDARD PAC CORP NEW	3,363,850	2,827,000	0.60
25,530	STANLEY WORKS	1,100,917	1,205,527	2.50
185,789	STAPLES INC	3,677,180	4,518,388	0.90
112,944	STARBUCKS CORP	2,137,480	4,264,765	0.00
29,967	STARWOOD HOTELS & RESORTS INC	903,793	1,808,209	1.40
1,700	STATION CASINOS INC	129,710	115,736	1.50
88,300	STEIN MART INC	1,745,221	1,306,840	1.70
6,500	STEINWAY MUSICAL INSTRS INC	197,581	159,380	0.00
286,109	TARGET CORP	12,674,918	13,982,147	1.00
19,900	TECHNICAL OLYMPIC USA INC	472,204	285,764	0.40
59,700	TENNECO INC	834,327	1,552,200	0.00
1,200	THOR INDs INC	58,137	58,140	0.60
18,317	TIFFANY & CO NEW	504,553	604,827	1.20
810,974	TIME WARNER INC NEW	14,295,380	14,029,850	1.20
189,977	TXJ COS INC NEW	4,279,694	4,342,874	1.20
1,500	TOLL BROS INC	44,820	38,355	0.00
1,500	TORO CO	74,955	70,050	0.80
82,358	TRACTOR SUPPLY CO	3,999,671	4,551,927	0.00
213,239	TRIBUNE CO NEW	6,919,300	6,915,341	2.20
30,800	TUPPERWARE BRANDS CORP	596,374	606,452	4.50
13,540	TWEEN BRANDS INC	549,513	519,801	0.00
52,800	UNITED AUTO GROUP INC	959,276	1,127,280	1.30
29,246	UNIVISION COMMUNICATIONS INC	868,278	979,741	0.00
182,900	URBAN OUTFITTERS INC	4,533,714	3,198,921	0.00
9,713	V F CORP	362,778	659,707	3.20
669,400	VIACOM INC NEW	29,027,683	23,991,296	0.00
54,420	WABTEC	1,063,480	2,035,308	0.10
466,455	WAL MART STORES INC	23,671,479	22,469,137	1.40
1,700	WARNER MUSIC GROUP CORP	50,112	50,116	1.80
100	WASHINGTON POST CO	80,675	78,001	1.00
14,360	WENDYS INTL INC	517,845	837,044	1.20
163,900	WESCO INTL INC	4,901,201	11,309,100	0.00
105,289	WHIRLPOOL CORP	7,138,124	8,702,190	2.10
1,500	WILEY JOHN & SON	54,135	49,800	1.20
153,800	WILLIAMS SONOMA INC	5,098,309	5,236,890	1.20
34,700	WINNEBAGO IND INC.	1,201,708	1,077,088	1.30
64,132	WOLVERINE WORLD WIDE INC	1,161,197	1,496,200	1.30
6,700	WORLD WRESTLING ENTMT INC	112,527	113,163	5.70
1,700	WYNN RESORTS LTD	132,685	124,610	0.00
375,800	XM SATELLITE RADIO HLDGS INC	9,645,660	5,505,470	0.00
199,800	YANKEE CANDLE INC	6,195,258	4,996,998	1.00
83,993	YUM BRANDS INC	3,463,865	4,222,328	1.20
Total Consumer Discretionary		<u>712,127,015</u>	<u>751,740,929</u>	
Consumer Staples				
9,130	ALBERTO CULVER CO	327,620	444,814	1.10
638,716	ALTRIA GROUP INC	33,666,862	46,900,916	4.40
164,298	ANHEUSER BUSCH COS INC	7,826,795	7,490,346	2.40
71,446	ARCHER DANIELS MIDLAND CO	1,011,990	2,949,291	1.00
64,748	AVON PRODS INC	1,733,784	2,007,188	2.30
15,602	BROWN FORMAN CORP	804,947	1,114,763	1.60
91,223	CAMPBELL SOUP CO	2,820,502	3,385,286	1.90
8,600	CASEYS GEN STORES INC	179,817	215,086	0.80
32,100	CHATTEM INC	993,021	974,877	0.00

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Consumer Staples (continued)				
25,100	CHIQUITA BRANDS INTL INC	703,385	345,878	2.90
2,200	CHURCH & DWIGHT INC	83,380	80,124	0.70
16,511	CLOROX CO	770,172	1,006,676	1.90
22,563	COCA COLA BOTTLING CO CONS	1,167,569	1,145,524	2.00
224,370	COCA COLA CO	10,603,600	9,652,397	2.90
33,071	COCA COLA ENTERPRISES INC	767,705	673,656	1.20
86,312	COLGATE PALMOLIVE CO	4,844,150	5,170,089	2.10
56,653	CONAGRA INC	1,348,970	1,252,598	3.30
321,500	CONSTELLATION BRANDS INC	8,142,416	8,037,500	0.00
164,576	CVS CORP	3,412,518	5,052,483	0.50
14,800	DEAN FOODS CO NEW	574,428	550,412	0.00
336,500	DEL MONTE FOODS CO	3,897,947	3,778,895	1.40
75,797	ELIZABETH ARDEN INC	1,643,013	1,355,250	0.00
102,848	GENERAL MLS INC	4,756,544	5,313,128	2.70
3,470	HANSEN NAT CORP	508,184	660,584	0.00
62,635	HEINZ H J CO	2,092,168	2,581,815	3.40
128,192	HERSHEY CO / THE	6,275,406	7,059,533	1.80
144,612	KELLOGG CO	6,236,617	7,003,559	2.40
255,791	KIMBERLY CLARK CORP	15,317,111	15,782,305	3.20
82,039	KROGER CO	1,235,548	1,793,373	1.20
17,300	LAUDER ESTEE COS INC	629,869	668,991	1.00
7,600	LONGS DRUG STORES CORP	318,172	346,712	1.20
48,200	MCCORMICK & CO INC	1,183,065	1,617,110	2.20
49,681	MOLSON COORS BREWING CO	3,503,823	3,372,346	1.90
2,100	PANTRY INC	112,093	120,834	0.00
35,516	PEETS COFFEE AND TEA INC	797,118	1,072,228	0.00
202,424	PEPSI BOTTLING GROUP INC	6,180,048	6,507,932	1.40
338,829	PEPSICO INC	16,551,431	20,343,293	2.00
40,700	PERFORMANCE FOOD GROUP CO	1,237,190	1,236,466	0.00
23,900	PREMIUM STD FARMS INC	403,319	387,897	1.50
483,618	PROCTER AND GAMBLE CO	21,572,305	26,889,161	2.20
165,272	SAFEWAY INC	3,756,370	4,297,072	0.90
96,425	SARA LEE CORP	2,101,006	1,544,729	4.90
63,000	SENSIENT TECHNOLOGIES CORP	1,298,471	1,317,330	2.90
82,715	SMUCKER J M CO	2,631,997	3,697,361	2.50
34,300	SPARTAN STORES INC	402,226	501,809	1.40
75,588	SUPERVALU INC	2,065,428	2,320,555	2.10
125,866	SYSCO CORP	3,887,582	3,846,465	2.20
333,000	TYSON FOODS INC (DEL)	5,499,058	4,948,380	1.10
64,600	USANA HEALTH SCIENCES	2,996,222	2,448,340	0.00
20,677	UST INC	673,601	934,394	5.10
188,320	WALGREEN CO	7,003,518	8,444,269	0.60
18,940	WD 40 CO	572,131	635,816	2.60
19,900	WHOLE FOODS MKT INC	1,497,410	1,286,336	0.90
32,314	WRIGLEY WM JR CO	1,408,017	1,465,763	2.30
Total Consumer Staples		212,027,639	244,029,935	
Energy				
164,434	ANADARKO PETROLEUM CORP	4,156,157	7,841,857	0.80
45,881	APACHE CORP	1,726,980	3,131,378	0.60
37,426	BAKER HUGHES INC	1,133,031	3,063,318	0.60
3,620	BERRY PETROLEUM CO	113,273	120,003	0.80
203,284	BJ SVCS CO	6,506,602	7,574,362	0.50
134,682	CABOT OIL & GAS CORP	3,729,156	6,599,418	0.30
55,900	CALLON PETROLEUM CO DEL	1,027,799	1,081,106	0.00
181,300	CAMERON INTL CORP	6,881,835	8,660,701	0.00
1,800	CHENIERE ENERGY INC	70,196	70,200	0.00
77,100	CHESAPEAKE ENERGY CORP	2,078,370	2,332,275	0.80
805,734	CHEVRON CORP	34,469,576	50,003,852	3.40
41,880	CIMAREX ENERGY CO	1,106,865	1,800,840	0.40
1,300	CNX GAS CORP	38,997	39,000	0.00
849,241	CONOCO PHILLIPS	36,193,488	55,650,763	2.20
4,000	DENBURY RES INC	133,480	126,680	0.00
199,025	DEVON ENERGY CORPORATION NEW	10,706,080	12,023,100	0.70
2,500	DIAMOND OFFSHORE DRILLING INC	235,806	209,825	0.60
183,400	DRESSER RAND GROUP INC	4,468,715	4,306,232	0.00
12,500	EDGE PETROLEUM CORP DEL	219,041	249,750	0.00

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Energy (continued)				
96,910	EL PASO CORP	1,170,074	1,453,650	1.10
17,500	ENERGY PARTNERS LTD	375,238	331,625	0.00
12,840	ENERGY SOUTH INC	401,114	400,993	3.00
6,100	ENSCO INTL INC	322,557	280,722	0.20
52,070	EOG RESOURCES INC	2,191,840	3,610,534	0.40
14,209	EQUITABLE RES INC	475,228	476,002	2.60
1,054,020	EXXON MOBIL CORP	42,069,418	64,664,127	2.10
8,660	FMC TECHNOLOGIES INC	533,058	584,204	0.00
351,460	FRONTIER OIL CORP	8,398,139	11,387,304	0.40
1,400	GIANT INDs INC	102,386	93,170	0.00
124,690	GLOBAL INDUSTRIES INC	1,275,496	2,082,323	0.00
202,600	GRANT PRIDECO INC	9,289,428	9,066,350	0.00
78,293	HALLIBURTON CO	2,978,413	5,810,124	0.80
930	HANOVER COMPRESSOR CO	0	17,465	0.00
116,500	HARVEST NAT RES INC	1,350,646	1,577,410	0.00
3,800	HELIX ENERGY SOLUTIONS GROUP	153,359	153,368	0.00
168,500	HELMERICH AND PAYNE INC	11,478,261	10,153,810	0.60
285,429	HESS CORP	7,432,060	15,084,923	0.80
234,100	HOLLY CORP	4,333,302	11,283,620	0.70
47,600	HOUSTON EXPL CO	3,178,424	2,912,644	0.00
646,976	KERR MCGEE CORP	20,165,178	44,867,786	0.20
15,086	KINDER MORGAN INC KANS	780,852	1,506,941	3.50
220,498	MARATHON OIL CORP	5,847,658	18,367,483	1.90
19,300	MAVERICK TUBE CORP	596,853	1,219,567	0.00
18,100	MURPHY OIL CORP	1,008,950	1,011,066	0.80
67,990	NABORS INDUSTRIES LTD	1,893,693	2,297,382	0.00
29,799	NATIONAL OILWELL VARCO INC	1,512,838	1,886,873	0.00
134,684	NEWFIELD EXPL CO	5,991,457	6,591,435	0.00
15,049	NOBLE CORPORATION	512,506	1,119,947	0.20
417,400	NOBLE ENERGY INC	13,395,158	19,559,364	0.60
3,150	NS GROUP INC	110,966	173,502	0.00
125,704	OCCIDENTAL PETROLEUM CORP	4,170,766	12,890,945	1.40
144,578	OCEANEERING INTL INC	2,974,802	6,628,901	0.00
45,871	OIL STATES INTL INC	1,478,681	1,572,458	0.00
20,370	PATTERSON UTI ENERGY INC	588,838	576,675	1.10
47,600	PIONEER DRILLING CO	799,467	734,944	0.00
2,600	PLAINS EXPL & PRODTN CO	94,951	105,404	0.00
5,700	PRIDE INTERNATIONAL INC	192,482	178,011	0.00
71,563	QUICKSILVER RES INC	3,074,965	2,634,234	0.00
4,400	RANGE RES CORP	119,900	119,636	0.30
160,751	ROWAN COS INC	6,073,747	5,721,128	1.10
129,036	SCHLUMBERGER LTD	2,743,569	8,401,534	0.80
23,800	SEACOR HLDGS INC	1,992,297	1,953,980	0.00
409,200	SMITH INTL INC	12,022,447	18,197,124	0.70
12,100	ST MARY LD & EXPL CO	507,910	487,025	0.30
120,710	SUNOCO INC	3,198,152	8,363,996	1.40
97,600	SUPERIOR ENERGY SVCS INC	1,732,249	3,308,640	0.00
120,361	SWIFT ENERGY CO	3,948,666	5,167,098	0.00
3,900	TETRA TECHNOLOGIES INC DEL	118,121	118,131	0.00
2,000	TIDEWATER INC	106,648	98,400	1.20
3,200	TODCO	130,712	130,720	0.00
35,614	TRANSOCEAN INC	874,471	2,860,516	0.00
18,900	TSAKOS ENERGY NAVIGATION LTD	711,129	787,752	5.00
37,174	UNIT CORP	1,723,641	2,114,829	0.00
8,600	UNIVERSAL COMPRESSION HLDGS	392,256	541,542	0.00
258,813	VALERO ENERGY CORP	6,256,494	17,216,241	0.50
9,900	VERITAS DGC INC	296,720	510,642	0.00
21,700	W&T OFFSHORE INC	647,845	843,913	0.30
38,100	WEATHERFORD INTL LTD	1,163,375	1,890,522	0.00
2,100	WESTERN GAS RES INC	117,222	125,685	0.50
80,117	WILLIAMS COS INC	678,630	1,871,533	1.50
254,886	XTO ENERGY INC	7,770,252	11,283,803	0.70
	Total Energy	331,021,202	522,346,336	

Shares		Cost	Fair Value	Dividend Yield
COMMON STOCK & EQUITY FUNDS (continued)		\$	\$	%
Financials				
38,200	ACCREDITED HOME LENDERS HLDG	1,368,403	1,826,342	0.00
24,200	ACE CASH EXPRESS INC	598,135	708,334	0.00
238,703	ACE LTD	10,896,337	12,075,985	1.90
16,900	AFFILIATED MANAGERS GROUP INC	1,175,304	1,468,441	0.00
10,100	AFFIRMATIVE INS HLDGS INC	160,287	158,065	0.50
103,079	AFLAC INC	3,935,107	4,777,712	1.10
275,675	ALLSTATE CORP	11,628,307	15,087,693	2.60
11,977	AMBAC FINL GROUP INC	740,013	971,335	0.70
21,300	AMERICAN CAP STRATEGIES LTD	695,050	713,124	9.80
187,152	AMERICAN EXPRESS CO	7,292,907	9,960,229	1.10
84,100	AMERICAN FINL GROUP INC OHIO	2,093,317	3,607,890	1.30
25,400	AMERICAN HOME MTG INV T CORP	797,281	936,244	10.40
419,262	AMERICAN INTL GROUP INC	26,448,100	24,757,421	1.10
1,700	AMERICANWEST BANCORPORATION	38,900	38,505	0.50
72,600	AMERICREDIT CORP	1,437,945	2,026,992	0.00
26,848	AMERIPRISE FINL INC	656,322	1,199,300	1.00
5,600	AMERIS BANCORP	105,025	129,584	2.40
14,189	AMERUS GROUP CO	590,780	830,766	0.70
37,888	AMSouth BANCORPORATION	736,266	1,002,138	3.90
15,600	ANCHOR BANCORP WIS INC	436,289	470,652	2.10
64,548	ANNALY CAPITAL MANAGEMENT INC	807,617	826,860	4.10
31,000	ANTHRACITE CAP INC	376,015	376,960	9.50
448,328	AON CORP	12,064,356	15,610,781	1.70
10,500	APARTMENT INV T & MGMT CO	385,940	456,225	5.50
16,900	ARBOR RLTY TR INC	450,239	423,345	11.50
26,700	ARCH CAP GROUP LTD	1,394,224	1,587,582	0.00
23,200	ARCHSTONE SMITH TR	906,744	1,180,184	3.40
28,600	ARES CAP CORP	476,617	484,198	9.00
89,655	ASSET ACCEP CAP CORP	1,727,111	1,775,169	0.00
174,700	ASSURED GUARANTY LTD	3,785,606	4,432,139	0.50
30,500	ASTA FDG INC	754,778	1,142,225	0.40
290,000	ASTORIA FINL CORP	5,995,259	8,830,500	3.20
7,800	BANCFIRST CORP	297,956	349,050	1.40
1,483,701	BANK AMER CORP	54,266,394	71,366,018	4.20
2,000	BANK GRANITE CORP	39,703	41,660	2.70
1,100	BANK HAWAII CORP	55,424	54,560	3.00
168,914	BANK NEW YORK INC	4,787,627	5,439,031	2.60
18,800	BANKRATE INC	900,222	709,888	0.00
132,100	BANKUNITED FINL CORP	3,833,759	4,031,692	0.10
60,328	BB&T CORP	2,174,545	2,509,042	4.00
112,003	BEAR STEARNS COS INC	10,176,857	15,689,380	0.80
2,900	BERKLEY W R CORP	100,942	98,977	0.50
11	BERKSHIRE HATHAWAY INC DEL	951,778	1,008,249	0.00
1,200	BERKSHIRE HILL BANCORP INC	41,591	42,576	1.60
700	BLACKROCK INC	99,386	97,419	1.20
37,200	BLUEGREEN CORP	561,647	426,312	0.00
10,100	BOSTON PPTYS INC	940,312	913,040	3.00
19,900	BRANDYWINE RLTY TR	551,693	640,183	5.50
3,800	BROWN & BROWN INC	117,648	111,036	0.70
5,200	CAPITAL CORP OF THE WEST	139,429	166,400	1.00
85,069	CAPITAL ONE FINL CORP	5,243,600	7,269,146	0.10
15,400	CAPITAL TR INC MD	451,462	548,548	7.90
2,000	CAPITALSOURCE INC	49,300	46,920	8.40
16,600	CAPITOL BANCORP LTD	587,071	646,570	2.60
83,900	CASH AMER INTL INC	2,369,258	2,684,800	0.30
34,160	CATHAY GENERAL BANCORP	1,024,092	1,242,741	1.00
6,200	CB RICHARD ELLIS GROUP INC	177,544	154,380	0.00
1,800	CBOT HLDGS INC	215,258	215,262	0.00
6,300	CENTER FINL CORP CA	144,831	148,932	0.70
1,200	CHICAGO MERCANTILE EXCHANGE	567,835	589,380	0.50
99,675	CHITTENDEN CORP	2,795,660	2,576,599	3.10
45,552	CHUBB CORP	1,375,048	2,273,045	2.00
186,489	CINCINNATI FINL CORP	7,146,229	8,766,848	2.90
187,400	CIT GROUP INC NEW	7,609,679	9,799,146	1.50
1,626,814	CITIGROUP INC	68,816,436	78,477,507	4.10
4,800	CITY BK LYNNWOOD WASH	177,971	223,968	1.70
13,600	CITY HLDG CO	475,740	491,504	3.10

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Financials (continued)				
6,500	CNA SURETY CORP	85,384	112,320	0.00
57,600	COLONIAL PPTYS TR	2,595,552	2,845,440	5.50
1,600	COLUMBIA BANKCORP ORE	40,174	40,112	1.60
19,710	COLUMBIA BKY SYS INC	538,413	736,760	1.50
153,979	COMERICA INC	7,697,213	8,005,368	4.50
77,700	COMMERCE BANCORP INC NJ	2,693,828	2,771,559	1.40
77,000	COMMERCE GROUP INC MASS	1,919,239	2,274,580	3.40
7,100	COMMUNITY BANCORP NEV	216,644	220,668	0.00
43,867	COMMUNITY BK SYS INC	1,000,875	884,797	3.80
9,000	COMMUNITY TR BANCORP INC	282,421	314,370	3.00
14,100	COMPASS BANCSHARES INC	673,541	783,960	2.80
54,500	COMPUCREDIT CORP	1,607,567	2,094,980	0.00
42,245	CORPORATE OFFICE PPTYS TR	1,035,002	1,777,670	2.70
900	CORRECTIONS CORP AMER NEW	47,644	47,646	0.00
101,100	CORUS BANKSHARES INC	2,690,856	2,646,798	3.10
1,244,869	COUNTRYWIDE FINL CORP	36,125,936	47,404,612	1.60
800	CULLEN FROST BANKERS INC	45,838	45,840	2.40
79,500	DELPHI FINL GROUP INC	2,358,094	2,890,620	0.90
1,600	DEVELOPERS DIVERSIFIED RLTY	83,484	83,488	4.50
152,726	DIME BANCORP INC NEW	75,327	33,600	0.00
193,735	E TRADE FINL CORP	3,916,018	4,421,033	0.00
1,900	EAST WEST BANCORP INC	74,917	72,029	0.50
140,331	EATON VANCE CORP	3,008,247	3,502,662	1.60
98,930	EDUCATION RLTY TR INC	1,280,377	1,647,185	7.20
21,662	EDWARDS A G INC	819,758	1,198,342	1.50
165,400	EQUITY INNS INC	1,942,361	2,739,024	4.60
112,512	EQUITY OFFICE PPTYS TR	3,300,101	4,107,813	3.60
31,625	EQUITY RESIDENTIAL	777,521	1,414,586	4.00
600	FARMERS CAP BK CORP	18,481	19,650	4.00
7,100	FBL FINL GROUP INC	230,680	230,040	1.40
179,164	FEDERAL HOME LN MTG CORP	10,913,909	10,214,140	3.30
656,915	FEDERAL NATL MTG ASSN	43,709,175	31,597,612	2.20
900	FEDERAL RLTY INVTR TR	61,516	63,000	3.20
143,135	FEDERATED INVS INC PA	4,169,907	4,508,753	2.30
133,000	FELCOR LODGING TR INC	2,002,441	2,891,420	3.70
24,097	FIDELITY NATL FINL INC	733,754	938,578	2.60
196,100	FIDELITY NATL INFORMATION SVC	6,949,900	6,941,940	0.60
60,757	FIFTH THIRD BANCORP	3,615,226	2,244,971	4.30
17,490	FIRST AMERICAN CORP	582,417	739,302	1.70
28,000	FIRST CMNTY BANCORP CALIF	1,437,098	1,654,240	2.20
3,500	FIRST FINL BANKSHARES INC	127,341	127,890	3.30
80,489	FIRST HORIZON NATL CORP	3,227,865	3,235,658	4.50
22,400	FIRST INDL RLTY TR INC	846,560	849,856	7.40
12,154	FIRST MARBLEHEAD CORP	376,975	692,049	0.80
37,894	FIRST MIDWEST BANCORP INC DEL	1,261,257	1,405,110	3.00
36,500	FIRSTFED FINL CORP DEL	2,011,169	2,104,955	0.00
2,400	FOREST CITY ENTERPRISES INC	108,784	119,784	0.60
14,900	FPIC INS GROUP INC	505,622	577,375	0.00
22,468	FRANKLIN RES INC	1,131,479	1,950,447	0.60
25,147	FREMONT GEN CORP	507,969	466,728	2.40
59,987	FRIEDMAN BILLINGS RAMSEY GROUP	549,264	658,057	7.30
7,500	FRONTIER FINL CORP WA	232,046	254,925	2.10
1,500	GALLAGHER ARTHUR J & CO	40,665	38,010	4.70
3,000	GENERAL GROWTH PPTYS INC	143,010	135,180	3.60
501,000	GENWORTH FINL INC	12,787,186	17,454,840	0.90
900	GLOBAL SIGNAL INC	44,057	41,688	4.50
34,342	GOLDEN WEST FINL CORP DEL	1,443,682	2,548,176	0.40
139,924	GOLDMAN SACHS GROUP INC	16,499,520	21,048,767	0.90
300	GREAT SOUTHN BANCORP INC	7,608	9,159	2.00
176,500	GREATER BAY BANCORP	4,905,886	5,074,375	2.20
1,200	GREENE CNTY BANCSHARES INC	36,168	37,152	1.60
32,200	HANCOCK HLDG CO	1,118,626	1,803,200	1.60
41,400	HANMI FINL CORP	697,900	804,816	1.20
78,000	HANOVER INS GROUP INC	4,133,056	3,701,880	0.50
13,800	HARLEYSVILLE GROUP INC	351,275	437,736	2.20
201,291	HARTFORD FINANCIAL SVCS GRP	12,183,517	17,029,219	1.90
270,200	HCC INS HLDGS INC	4,229,939	7,954,688	1.40

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Financials (continued)				
8,700	HERITAGE COMM CORP	189,427	215,673	0.80
109,600	HIGHLAND HOSPITALITY CORP	1,381,971	1,543,168	5.10
343,900	HORACE MANN EDUCATORS CORP NEW	6,408,384	5,829,105	2.50
4,700	HORIZON FINL CORP WASH	91,402	128,921	2.20
9,700	HUDSON CITY BANCORP INC	133,084	129,301	2.30
173,710	HUNTINGTON BANCSHARES INC	3,903,063	4,096,082	4.20
14,585	INDEPENDENT BK CORP MI	399,001	383,586	3.00
900	INDYMAC BANCORP INC	42,912	41,265	4.00
76,500	INNKEEPERS USA TR	1,121,510	1,321,920	3.50
84,347	INTERCONTINENTALEXCHANGE INC	4,469,890	4,887,065	0.00
22,200	INTERVEST BANCSHARES CORP	857,964	899,100	0.00
21,400	INVESTMENT TECHNOLOGY GROUP	513,925	1,088,404	0.00
171,757	INVESTORS FINL SERVICES CORP	7,914,061	7,711,889	0.20
6,600	ITLA CAP CORP	340,893	347,028	1.10
366,206	JANUS CAP GROUP INC	5,372,876	6,555,087	0.20
183,578	JEFFRIES GROUP INC NEW	3,495,772	5,439,416	1.70
120,600	JONES LANG LASALLE INC	2,116,227	10,558,530	0.60
1,466,923	JP MORGAN CHASE & CO	51,536,324	61,610,766	3.20
440,682	KEYCORP NEW	13,936,147	15,723,534	3.90
1,100	KILROY RLTY CORP	79,472	79,475	2.90
26,200	KIMCO RLTY CORP	1,036,203	956,038	3.60
600	LAKELAND FINANCIAL CORP	13,839	14,574	2.10
5,600	LANDAMERICA FINL GROUP INC	338,346	361,760	1.10
79,400	LASALLE HOTEL PPTYS	2,451,355	3,676,220	3.60
61,322	LEGG MASON INC	6,180,753	6,102,765	0.70
61,190	LEHMAN BROTHERS HLDGS INC	1,883,715	3,986,529	0.70
162,569	LINCOLN NATL CORP IN	7,250,611	9,175,394	2.70
547,409	LOEWS CORP	11,165,948	19,405,649	0.70
33,000	LTC PROPERTIES	548,521	737,550	6.40
41,000	M & T BK CORP	4,051,705	4,834,720	2.00
2,400	MACERICH CO	171,024	168,480	3.90
26,650	MARKEL CORP	6,358,796	9,247,550	0.00
59,754	MARSH & MCLENNAN COS INC	2,718,905	1,606,785	2.50
72,591	MARSHALL & ILSLEY CORP	2,625,884	3,320,312	2.40
31,600	MAX RE CAPITAL LTD	749,636	690,144	0.90
102,518	MBIA INC	5,853,481	6,002,429	2.10
60,800	MCG CAP CORP	957,337	966,720	10.60
57,834	MELLON FINL CORP	1,708,628	1,991,225	2.60
2,500	MERCANTILE BANKCORP	96,722	99,625	1.30
280,946	MERRILL LYNCH & CO INC	15,750,443	19,542,604	1.40
268,067	METLIFE INC	9,814,322	13,727,711	1.00
183,201	MGIC INVT CORP WIS	11,633,532	11,908,065	1.50
27,793	MID AMER APT CMNTYS INC	1,251,157	1,549,460	4.30
11,100	MID STATE BANCSHARES	285,287	310,800	2.60
20,191	MIDLAND CO	714,725	766,854	0.70
34,704	MOODY'S CORP	1,082,062	1,889,980	0.50
406,863	MORGAN STANLEY	21,363,111	25,717,810	1.70
12,100	NARA BANCORP INC	223,862	226,875	0.60
3,200	NASDAQ STK MKT INC	95,672	95,680	0.00
266,344	NATIONAL CITY CORP	8,656,889	9,638,989	4.10
55,300	NATIONAL RETAIL PPTYS INC	1,068,140	1,103,235	0.00
198,600	NATIONWIDE FINL SVCS INC	8,524,887	8,754,288	2.10
19,100	NAVIGATORS GROUP INC	638,014	836,962	0.00
13,500	NBT BANCORP INC	321,234	313,605	3.30
7,360	NEW CENTY FINL CORP MD	350,648	336,720	15.70
90,945	NORTH FORK BANCORPORATION INC	2,510,290	2,743,811	3.30
27,246	NORTHERN TRUST CORP	1,101,267	1,506,704	1.70
2,700	NUVEEN INVTS INC	122,506	116,235	2.20
2,700	NYSE GROUP INC	184,889	184,896	0.00
165,000	OLD REP INTL CORP	2,755,861	3,526,050	2.80
2,300	OMEGA FINL CORP	68,524	72,013	4.00
14,000	OMEGA HEALTHCARE INVESTORS	183,806	185,080	7.30
95,210	OPTIONSXPRESS HLDGS INC	2,893,393	2,219,345	0.90
35,500	ORIENTAL FINL GROUP INC	843,573	452,980	4.40
133,082	PACIFIC CAP BANCORP NEW	4,630,362	4,141,512	2.80
600	PAN PAC RETAIL PPTYS INC	41,621	41,622	3.70
1,800	PEOPLES BANCORP INC	52,185	53,712	2.80

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Financials (continued)				
2,000	PEOPLES BK BRIDGEPORT CONN	65,440	65,700	3.00
26,000	PFF BANCORP INC	656,755	862,160	2.10
110,592	PHILADELPHIA CONS HLDG CORP	2,427,327	3,357,573	0.00
5,200	PHOENIX COS INC NEW	72,681	73,216	1.10
10,200	PLACER SIERRA BANCSHARES	248,115	236,538	2.10
20,132	PLUM CREEK TIMBER CO INC	463,193	714,686	4.50
32,445	PNC FINL SVCS GROUP INC	1,392,961	2,276,666	3.10
4,100	PREFERRED BK LOS ANGELES CA	208,136	219,801	1.50
57,540	PRICE T ROWE GROUP INC	1,375,537	2,175,587	1.50
208,162	PRINCIPAL FINANCIAL GROUP	6,952,991	11,584,215	1.20
96,500	PROGRESSIVE CORP OHIO	1,503,313	2,481,015	0.10
26,697	PROLOGIS	912,786	1,391,448	3.10
9,800	PROSPERITY BANCSHARES INC	240,938	322,322	1.20
116,100	PROTECTIVE LIFE CORP	4,271,716	5,412,582	1.80
3,400	PROVIDENT FINL HLDGS INC	95,940	102,000	2.00
219,510	PRUDENTIAL FINL INC	9,439,909	17,055,927	1.00
10,300	PUBLIC STORAGE INC	703,643	781,770	2.60
238,600	RADIAN GROUP INC	11,983,285	14,740,708	0.10
359,375	RAYMOND JAMES FINANCIAL INC	8,883,428	10,878,281	1.10
49,920	REGIONS FINL CORP NEW	1,387,650	1,653,350	4.20
1,700	RENASANT CORP	65,637	68,595	2.30
2,856	ROYAL BANCSHARES PA INC	68,261	69,344	4.50
102,700	S & T BANCORP INC	3,714,495	3,412,721	3.50
13,268	SAFECO CORP	473,585	747,652	2.10
147,864	SCHWAB CHARLES CORP	1,749,362	2,362,867	0.80
20,049	SEABRIGHT INS HLDGS INC	326,563	322,989	0.00
6,100	SEACOAST BKG CORP FLA	132,195	162,443	2.30
17,199	SEI INVESTMENTS CO	601,962	840,687	0.50
33,630	SELECTIVE INS GROUP INC	1,628,276	1,878,908	1.60
96,000	SENIOR HSG PPTSY TR	1,689,335	1,719,360	7.20
1,600	SHURGARD STORAGE CTRS	99,996	100,000	3.60
5,400	SIMMONS 1ST NATL CORP	143,908	156,654	2.30
24,179	SIMON PPTY GROUP INC NEW	1,104,980	2,005,406	3.70
142,400	SKY FINL GROUP INC	3,941,447	3,362,064	3.90
31,400	SL GREEN RLTY CORP	1,635,507	3,437,358	2.20
231,009	SLM CORP	9,516,544	12,224,996	1.90
5,500	SOUTHWEST BANCORP INC OKLA	133,095	140,250	1.30
40,982	SOVEREIGN BANCORP INC	864,348	832,361	1.60
2,500	ST JOE CO	132,375	116,350	1.40
17,400	STANCORP FINL GROUP INC	660,784	885,834	1.20
48,200	STATE AUTO FINL CORP	1,580,345	1,568,428	1.10
46,753	STATE STREET CORPORATION	2,116,391	2,715,882	1.40
7,000	STERLING FINL CORP	140,000	153,300	2.60
83,200	STERLING FINL CORP WASH	2,238,007	2,538,432	0.90
16,919	STEWART INFORMATION SVCS CORP	648,041	614,329	2.10
3,400	STIFEL FINL CORP	74,349	120,054	0.00
50,200	STRATEGIC HOTELS & RESORTS INC	1,054,252	1,041,148	4.40
11,900	STUDENT LN CORP	2,088,169	2,403,800	2.60
45,200	SUNSTONE HOTEL INV INC NEW	1,061,252	1,313,512	4.10
41,561	SUNTRUST BKS INC	2,682,128	3,169,442	3.20
39,319	SYNOVUS FINL CORP	844,063	1,052,963	2.90
7,900	TAYLOR CAP GROUP INC	310,047	322,399	0.60
83,600	TCF FINANCIAL CORP	2,271,196	2,211,220	3.50
10,500	TD AMERITRADE HLDG CORP	174,435	155,505	0.00
35,797	TEXAS REGL BANCSHARES INC	885,769	1,357,422	1.50
322,316	THE ST PAUL TRAVELERS COS INC	12,631,082	14,368,847	2.30
28,800	TIERONE CORP	847,576	972,576	0.80
2,530	TOMPKINS TRUSTCO INC	105,279	108,790	2.50
11,225	TORCHMARK INC	404,021	681,582	0.90
5,800	TRICO BANCSHARES	108,373	158,804	1.80
3,200	UNION BANKSHARES CORP	135,588	138,048	2.10
60,800	UNIONBANCAL CORP	2,391,358	3,927,072	2.90
33,295	UNITED BANKSHARES INC W VA	1,035,844	1,219,596	3.00
4,500	UNITED DOMINION RLTY TR INC	125,754	126,045	4.50
52,100	UNITED FIRE CAS CO	1,917,730	1,569,773	1.60
166,986	UNUMPROVIDENT CORP	3,739,817	3,027,456	1.70
657,603	US BANCORP DEL	17,712,149	20,306,781	4.30

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Financials (continued)				
2,100	VENTAS INC	70,833	71,148	4.70
3,000	VIRGINIA FINL GROUP INC	120,749	126,660	2.20
13,000	VORNADO RLTY TR	1,105,550	1,268,150	3.30
576,045	WACHOVIA CORP 2ND NEW	25,684,916	31,152,514	3.80
1,500	WALTER INDS INC	86,471	86,475	0.30
386,266	WASHINGTON MUT INC	13,861,797	17,606,004	4.50
1,000	WEINGARTEN RLTY INVS	38,278	38,280	4.90
437,642	WELLS FARGO & CO NEW	23,709,528	29,357,025	3.30
11,700	WEST COAST BANCORP ORE NEW	297,503	344,799	1.40
7,250	WILSHIRE BANCORP INC	127,312	130,645	1.10
34,500	WINDROSE MED PPTYS TR	512,280	503,700	6.40
42,396	XL CAPITAL LTD	2,833,963	2,598,875	2.90
53,750	ZENITH NATL INS CORP	1,853,443	2,132,263	2.80
11,513	ZIONS BANCORP	508,134	897,323	1.90
	Total Financials	970,813,917	1,166,232,790	
Healthcare				
210,406	ABBOTT LABS	8,504,431	9,175,806	2.70
29,300	ABIOMED INC	257,240	380,021	0.00
5,200	ABRAXIS BIOSCIENCE INC	133,071	123,968	0.00
7,347	ADOLOR CORP	199,221	183,748	0.00
2,600	ADVANCED MED OPTICS INC	127,587	131,820	0.00
234,791	AETNA INC	5,176,314	9,375,205	0.10
18,825	AFFYMETRIX INC	675,535	481,920	0.00
33,200	ALBANY MOLECULAR RESH INC	488,751	354,576	0.00
22,585	ALLERGAN INC	1,665,648	2,422,467	0.40
212,800	ALPHARMA INC	4,332,080	5,115,712	0.80
45,032	AMERICAN MED SYS HLDGS	901,891	749,783	0.00
89,000	AMERIGROUP CORP	3,038,451	2,762,560	0.00
24,324	AMERISOURCE BERGEN CORP	840,881	1,019,662	0.20
269,541	AMGEN INC	15,062,603	17,582,159	0.00
21,300	AMSURG CORP	472,205	484,575	0.00
3,600	AMYLIN PHARMACEUTICALS INC	177,723	177,732	0.00
3,400	ANADYS PHARMACEUTICALS INC	50,728	9,928	0.00
5,143	ANESIVA INC	394,777	39,087	0.00
25,252	APPLERA CORP APPLIED BIOSYS	564,255	816,902	0.50
325,864	BARD C R INC	22,498,574	23,872,797	0.80
234,941	BARR PHARMACEUTICALS INC	10,945,125	11,204,336	0.00
6,988	BAUSCH & LOMB INC	246,067	342,692	1.10
94,228	BAXTER INTL INC	2,841,952	3,463,821	1.60
2,200	BECKMAN COULTER INC	122,483	122,210	1.10
94,382	BECTON DICKINSON & CO	4,355,189	5,769,572	1.40
41,400	BIO RAD LABORATORIES INC	2,450,952	2,688,516	0.00
43,399	BIOGEN IDEC INC	1,548,324	2,010,676	0.00
35,792	BIOMET INC	1,165,813	1,119,932	1.00
129,941	BIOSCRIP INC	966,506	697,783	0.00
11,600	BIOSITE INC	536,889	529,656	0.00
175,519	BOSTON SCIENTIFIC CORP	3,664,215	2,955,740	0.00
393,862	BRISTOL MYERS SQUIBB CO	9,585,574	10,185,271	4.30
69,187	CARDINAL HEALTH INC	4,540,367	4,450,800	0.60
73,000	CAREMARK RX INC	2,670,758	3,640,510	0.80
44,302	CELGENE CORP	1,809,884	2,101,244	0.00
11,337	CEPHALON INC	634,048	681,354	0.00
69,809	CEPHEID	629,981	677,845	0.00
161,650	CHARLES RIV LABORATORIES INTL	7,032,946	5,948,720	0.00
23,600	CNS INC	536,742	578,200	1.10
2,000	COMMUNITY HEALTH SYS INC NEW	70,920	73,500	0.00
55,702	CONNEXICS CORP	838,561	655,056	0.00
59,900	COOPER COS INC	3,069,918	2,652,971	0.10
156,677	COVANCE INC	7,140,691	9,591,766	0.00
146,616	COVENTRY HEALTH CARE INC	5,199,615	8,055,083	0.00
41,159	CYTYC CORP	1,095,669	1,043,792	0.00
3,300	DADE BEHRING HLDGS INC	128,453	137,412	0.50
123,300	DAVITA INC	7,254,180	6,128,010	0.00
2,900	DENTSPLY INTL INC NEW	172,144	175,740	0.50
15,027	DIGENE CORP	537,744	582,146	0.00
17,900	DIVERSA CORP	141,679	172,914	0.00

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Healthcare (continued)				
28,000	DJO INC	801,672	1,031,240	0.00
2,300	EDWARDS LIFESCIENCES CORP	100,628	104,489	0.00
7,100	ENDO PHARMACEUTICALS HLDGS	231,283	234,158	0.00
52,600	ENZON PHARMACEUTICALS INC	397,362	396,604	0.00
54,383	EXELIXIS INC	446,306	546,549	0.00
42,622	EXPRESS SCRIPTS INC	2,303,453	3,057,702	0.00
177,136	FISHER SCIENTIFIC INTL INC	11,860,609	12,939,785	0.00
48,768	FOREST LABS INC	2,210,188	1,886,834	0.00
2,000	GEN PROBE INC NEW	116,017	107,960	0.00
15,700	GENENTECH INC	1,256,000	1,284,260	0.00
32,200	GENESIS HEALTHCARE CORP	1,420,708	1,525,314	0.00
70,821	GENTIVA HEALTH SVCS INC	1,213,496	1,135,261	0.00
37,159	GENZYME CORP	1,466,390	2,268,557	0.00
120,117	GILEAD SCIENCES INC	5,339,072	7,106,122	0.00
175,000	HANGER ORTHOPEDIC GROUP	2,160,651	1,463,000	0.00
242,126	HCA INC	10,908,195	10,447,737	1.60
28,637	HEALTH MGMT ASSOC	556,854	564,435	1.20
3,600	HEALTH NET INC	150,511	162,612	0.00
54,700	HEALTHTRONICS INC	692,363	418,455	0.00
147,900	HEALTHWAYS INC	5,556,026	7,785,456	0.00
1,200	HILLEBRAND INDS INC	60,271	58,200	2.30
22,980	HOSPIRA INC	721,261	986,761	0.00
23,433	HUMANA INC	490,652	1,258,352	0.00
42,200	IDEXX LABS INC	2,599,731	3,170,486	0.00
2,300	IMCLONE SYS INC	87,285	88,872	0.00
110,671	IMS HEALTH INC	2,513,158	2,971,516	0.50
117,930	INTEGRA LIFESCIENCES CORP	3,847,712	4,576,863	0.00
43,547	INTRALASE CORP	935,390	728,977	0.00
4,460	INTUITIVE SURGICAL INC	231,095	526,146	0.00
160,700	INVACARE CORP	5,026,444	3,998,216	0.20
600	INVITROGEN CORP	39,858	39,642	0.00
463,441	JOHNSON & JOHNSON	27,049,083	27,769,385	2.50
60,100	KINETIC CONCEPTS INC	3,518,090	2,653,415	0.00
250,184	KING PHARMACEUTICALS INC	4,306,232	4,253,128	0.00
3,200	KOS PHARMACEUTICALS INC	126,042	120,384	0.00
176,524	KYPHON INC	5,999,636	6,771,461	0.00
101,000	LABORATORY CORP AMER HLDGS	5,218,209	6,285,230	0.00
20,000	LEXICON GENETICS INC	104,406	87,800	0.00
31,269	LIFEPOINT HOSPS INC	1,387,093	1,004,673	0.00
195,235	LILLY ELI & CO	10,898,130	10,790,638	2.90
25,100	LINCARE HLDGS INC	1,037,351	949,784	0.00
10,600	MAGELLAN HEALTH SVCS INC	368,456	480,286	0.00
11,335	MANOR CARE INC NEW	298,551	531,838	1.40
93,680	MATRIX HEALTHCARE INC	3,110,051	2,006,626	0.00
104,950	MATRIXX INITIATIVES INC	1,471,429	1,633,022	0.00
70,942	MAXYGEN INC	691,462	530,646	0.00
59,541	MCKESSON CORP	2,386,253	2,815,098	0.50
39,458	MEDCO HEALTH SOLUTIONS INC	1,284,989	2,260,154	0.00
362	MEDICAL RES INC	0	1	0.00
370,381	MEDIMMUNE INC	12,304,581	10,037,325	0.00
284,491	MEDTRONIC INC	13,688,854	13,348,318	0.90
752,280	MERCK & CO INC	30,578,687	27,405,560	4.20
64,670	MGI PHARMA INC	1,435,434	1,390,405	0.00
5,700	MILLENNIUM PHARMACEUTICALS	51,940	56,829	0.00
20,357	MILLIPORE CORP	946,686	1,282,287	0.00
44,900	MOLECULAR DEVICES CORP	1,369,807	1,372,144	0.00
34,300	MYLAN LABS INC	772,539	686,000	1.20
55,561	MYOGEN INC	1,308,092	1,611,269	0.00
174,200	OMNICARE INC	7,951,938	8,260,564	0.20
127,481	OSI PHARMACEUTICALS INC	5,902,583	4,201,774	0.00
43,133	OWENS & MINOR INC NEW	1,254,334	1,233,604	2.10
2,500	PALOMAR MED TECHNOLOGIES INC	105,895	114,075	0.00
149,200	PATTERSON COS INC	5,573,655	5,211,556	0.00
3,800	PDL BIOPHARMA INC	80,096	69,958	0.00
1,600	PEDIATRIX MED GROUP	72,476	72,480	0.00
2,016,489	PFIZER INC	56,867,039	47,326,997	4.10
378,800	PHARMACEUTICAL PROD DEV INC	9,895,592	13,303,456	0.30

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Healthcare (continued)				
50,359	QUEST DIAGNOSTICS INC	2,173,351	3,017,511	0.70
79,980	REHABCARE GROUP INC	1,567,827	1,390,052	0.00
117,700	RESMED INC	3,247,972	5,526,015	0.00
33,979	RESPIRONICS INC	981,061	1,162,761	0.00
102,060	SALIX PHARMACEUTICALS LTD	1,622,373	1,255,338	0.00
3,000	SCHEIN HENRY INC	142,500	140,190	0.00
240,100	SCHERING PLOUGH CORP	4,952,979	4,569,103	1.20
5,100	SCIELE PHARMA INC	119,907	118,269	0.00
5,100	SEPRACOR INC	243,829	291,414	0.00
55,000	SEROLOGICALS CORP	1,083,986	1,729,200	0.00
1,900	SIERRA HEALTH SVCS INC	72,191	85,557	0.00
Healthcare (continued)				
15,340	SONOSITE INC	539,335	598,874	0.00
242,744	ST JUDE MED INC	8,289,405	7,869,760	0.00
31,880	STRYKER CORP	1,025,517	1,342,467	0.30
77,600	SUNRISE SENIOR LIVING INC	2,160,890	2,145,640	0.00
11,855	TECHNE CORP	488,630	603,657	0.00
62,067	TENET HEALTHCARE CORP	1,446,028	433,228	0.00
116,920	THIRD WAVE TECHNOLOGIES INC	539,608	348,422	0.00
12,500	TRIAD HOSPS INC	508,601	494,750	0.00
54,595	TRIPATH IMAGING INC	373,068	361,419	0.00
310,270	UNITEDHEALTH GROUP INC	10,823,240	13,893,891	0.10
64,200	UNIVERSAL HEALTH SVCS INC	3,134,718	3,226,692	0.60
91,400	VALEANT PHARMACEUTICALS INTL	1,803,166	1,546,488	1.80
4,700	VARIAN MED SYS INC	242,708	222,545	0.00
94,200	VCA ANTECH INC	2,488,026	3,007,806	0.00
3,700	VERTEX PHARMACEUTICALS INC	135,818	135,827	0.00
38,300	VIROPHARMA INC	371,510	330,146	0.00
11,066	WATSON PHARMACEUTICALS INC	304,845	257,616	0.00
1,100	WELLCARE HEALTH PLANS INC	53,952	53,955	0.00
151,034	WELLPOINT INC	7,519,463	10,990,744	0.00
87,452	WRIGHT MED GROUP INC	1,750,680	1,830,370	0.00
231,034	WYETH	9,142,406	10,260,220	2.30
35,770	ZIMMER HOLDINGS INC	1,824,158	2,028,874	0.00
55,337	ZOLL MED CORP	1,968,861	1,812,840	0.00
Total Healthcare		505,794,296	527,578,068	
Industrials				
130,390	3M CO	9,245,004	10,531,600	2.30
38,500	ABX AIR INC	315,623	232,540	0.00
2,450	ACTUANT CORP	132,246	122,378	0.20
66,460	ACUITY BRANDS INC	1,767,686	2,585,959	1.50
50,400	ADMINISTAFF INC	975,653	1,804,824	1.00
47,750	ADVANCE AMER CASH ADVANCE	678,502	837,535	2.50
118,256	AEROFLEX INC	1,348,613	1,380,048	0.00
1,900	AGCO CORP	50,003	50,008	0.00
24,800	ALASKA AIR GROUP INC	753,866	977,616	0.00
70,300	ALBANY INTL CORP	2,596,975	2,980,017	0.90
26,434	ALEXANDER & BALDWIN INC	1,009,201	1,170,233	2.30
112,600	ALLIANCE DATA SYSTEMS CORP	4,390,235	6,623,132	0.00
126,700	ALLIANT TECHSYSTEMS INC	7,884,662	9,673,545	0.00
259,776	ALLIED WASTE INDUSTRIES INC	3,028,508	2,951,055	0.00
22,000	AMERICO	1,384,630	2,214,520	0.00
20,736	AMERICAN PWR CONVERSION CORP	295,144	404,145	2.10
183,530	AMERICAN STD COS INC DEL	6,693,666	7,941,343	1.70
71,452	AMERICAN SUPERCONDUCTOR CORP	1,006,912	630,921	0.00
2,400	AMETEK INC NEW	119,760	113,712	0.50
5,400	AMR CORP DEL	155,304	137,268	0.00
56,436	APOGEE ENTERPRISES INC	876,398	829,609	1.80
20,295	APOLLO GROUP INC	983,754	1,048,643	0.00
61,506	APPLIED SIGNAL TECHNOLOGY INC	1,573,824	1,048,062	2.90
24,900	ARAMARK CORP	678,489	824,439	0.90
37,272	ARGON ST INC	641,678	992,553	0.00
17,900	ARKANSAS BEST CORP	702,351	898,759	1.20
21,650	ARMOR HLDGS INC	948,670	1,187,070	0.00
57,873	ASTEC INDS INC	1,660,082	1,974,627	0.00
15,211	AVERY DENNISON CORP	935,146	883,151	2.70

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Industrials (continued)				
46,778	BLOCK H & R INC	1,045,689	1,116,123	2.30
248,800	BLOUT INTL INC NEW	4,198,030	2,990,576	0.00
212,840	BOEING CO	12,481,947	17,433,724	1.50
204,700	BRADY CORP	3,107,525	7,541,148	1.40
22,600	BRINKS CO	800,822	1,274,866	0.40
66,900	BUCYRUS INTL INC NEW	1,962,013	3,378,450	0.40
46,200	BUILDERS FIRSTSOURCE INC	888,495	940,632	0.00
154,003	BURLINGTON NORTN SANTA FE	9,878,821	12,204,738	1.00
5,800	C H ROBINSON WORLDWIDE INC	288,107	309,140	1.00
113,800	CAREER ED CORP	3,660,515	3,401,482	0.00
900	CARLISLE COS INC	74,389	71,370	1.30
200,772	CATERPILLAR INC	10,456,148	14,953,499	1.60
475,685	CENDANT CORP	8,729,784	7,748,909	0.00
2,000	CERADYNE INC CALIF	100,580	98,980	0.00
260,400	CERIDIAN CORP NEW	5,918,360	6,364,176	0.00
2,800	CHECKFREE CORP NEW	155,063	138,768	0.00
71,209	CHOICEPOINT INC	2,880,816	2,974,400	0.00
19,726	CINTAS CORP	906,789	784,306	0.90
192,025	COGENT INC	5,157,698	2,893,817	0.00
18,200	CON WAY INC	885,384	1,054,326	0.70
20,600	CONSOLIDATED GRAPHICS INC	1,051,307	1,072,436	0.00
3,152	CONTINENTAL AIRLS INC	86,413	93,930	0.00
15,228	CONVERGYS CORP	224,010	296,946	0.00
10,038	COOPER INDUSTRIES LTD	348,171	932,731	1.60
31,759	CORPORATE EXECUTIVE BRD CO	1,705,329	3,182,252	1.20
3,800	COVANTA HLDG CORP	67,061	67,070	0.00
20,520	CRA INTL INC	946,671	926,273	0.00
572,600	CSG SYS INTL INC	10,642,376	14,166,124	0.00
106,659	CSX CORP	5,745,910	7,513,060	0.70
71,977	CUMMINS INC	2,577,988	8,799,188	1.00
59,935	DANAHER CORP	2,845,182	3,855,019	0.10
26,045	DEERE & CO	1,244,564	2,174,497	1.90
101,800	DEVRY INC DEL	1,932,226	2,236,546	0.00
2,600	DONALDSON CO INC	85,362	88,062	0.90
23,657	DONNELLEY RR & SONS CO	610,784	755,841	3.30
28,373	DOVER CORP	884,240	1,402,477	1.40
2,000	DST SYS INC DEL	126,460	119,000	0.00
16,600	DUN & BRADSTREET CORP DEL NEW	1,094,421	1,156,688	0.00
32,508	EATON CORP	1,640,777	2,451,103	1.90
49,631	EFUNDS CORP	1,141,004	1,094,364	0.00
20,700	ELKCORP	725,250	574,839	0.70
9,200	EMDEON CORP	108,085	114,172	0.00
57,905	EMERSON ELEC CO	3,405,334	4,853,018	2.10
4,200	ENCORE WIRE CORP	129,634	150,948	0.00
186,350	ENERGIZER HLDGS INC	6,276,161	10,914,520	0.00
50,000	ENGLOBAL CORP	365,873	389,500	0.00
46,000	ENPRO INDS INC	1,270,490	1,545,600	0.00
253,807	EQUIFAX INC	8,474,228	8,715,732	0.50
17,900	ESTERLINE TECHNOLOGIES CORP	600,239	744,461	0.00
7,200	EXPEDITORS INTL WA INC	377,362	403,272	0.40
4,000	FACTSET RESH SYS INC	183,811	189,200	0.50
247,400	FASTENAL CO	7,002,400	9,967,746	1.00
116,561	FEDEX CORP	10,371,398	13,621,318	0.30
27,925	FISERV INC	987,794	1,266,678	0.00
50,000	FLANDERS CORP	500,050	501,500	0.00
800	FLOWSERVE CORP	45,518	45,520	0.00
12,438	FLUOR CORP NEW	554,515	1,155,863	0.90
2,800	FORWARD AIR CORP	108,712	114,044	0.70
21,000	FREIGHTCAR AMER INC	1,416,051	1,165,710	0.20
4,900	GARDNER DENVER INC	183,530	188,650	0.00
27,800	GATX CORPORATION	1,051,421	1,181,500	2.00
171,435	GENERAL DYNAMICS CORP	9,354,597	11,222,135	1.40
1,507,408	GENERAL ELEC CO	43,600,192	49,684,168	3.00
7,700	GENLYTE GROUP INC	378,917	557,711	0.00
18,957	GENUINE PARTS CO	568,569	789,749	3.20
79,900	GLOBAL PMTS INC	2,150,924	3,879,145	0.20
31,745	GOODRICH CORP	1,049,222	1,279,006	2.00

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Industrials (continued)				
354,300 GRACO INC				
120,009 GRAINGER W W INC	13,061,452	16,290,714	1.30	
12,700 GREENBRIER COS INC	6,747,313	9,028,277	1.50	
46,440 GRIFFON CORP	371,990	415,798	1.00	
44,100 HARLAND JOHN H CO	1,062,962	1,212,084	0.00	
40,400 HARSOCO CORP	1,258,255	1,918,350	1.40	
131,510 HEADWATERS INC	2,368,719	3,149,584	1.70	
130,650 HEWITT ASSOCS INC	4,151,028	3,361,396	0.00	
125,200 HEXCEL CORP NEW	3,458,844	2,937,012	0.00	
245,905 HONEYWELL INTL INC	2,833,791	1,966,892	0.00	
800 HUBBELL INC	8,429,437	9,909,972	2.30	
3,700 HUNT JB TRANS SVCS INC	38,493	38,120	2.80	
154,826 IDEX CORP	95,608	92,167	1.30	
62,018 ILLINOIS TOOL WKS INC	3,608,467	7,307,787	1.30	
38,526 INGERSOLL RAND COMPANY LIMITED	2,294,678	2,945,855	1.40	
251,670 IRON MTN INC PA	838,704	1,648,142	1.50	
132,904 ITT CORP NEW	8,025,531	9,407,425	0.00	
141,900 ITT EDL SVCS INC	6,588,371	6,578,748	0.90	
2,000 JACOBS ENGR GROUP INC	5,951,640	9,338,439	0.00	
140,680 JLG INDs INC	175,679	159,280	0.00	
89,700 JOY GLOBAL INC	1,637,188	3,165,300	0.10	
1,500 KANSAS CITY SOUTHERN	2,476,692	4,672,473	0.90	
32,850 KAYDON CORP	41,546	41,550	0.00	
1,800 KIRBY CORP	1,148,878	1,225,634	1.30	
269,875 KNIGHT TRANSN INC	71,096	71,100	0.00	
65,900 L 3 COMMUNICATIONS HLDG CORP	3,307,235	5,451,475	0.40	
203,200 LANDSTAR SYS INC	4,619,052	4,970,178	1.00	
181,100 LAUREATE ED INC	4,664,091	9,597,136	0.20	
34,500 LECG CORP	6,846,838	7,720,293	0.00	
68,400 LENNOX INTL INC	1,603,480	637,215	0.00	
29,900 LIGHTBRIDGE INC	1,491,083	1,811,232	1.70	
26,548 LINCOLN ELEC HLDGS INC	337,272	387,205	0.00	
308,881 LOCKHEED MARTIN CORP	1,158,272	1,663,232	1.20	
2,200 MANITOWOC INC	17,404,652	22,159,123	1.70	
15,800 MANPOWER INC WIS	97,895	97,900	0.30	
210,841 MASCO CORP	765,920	1,020,680	0.80	
2,100 MASTERCARD INC	6,219,686	6,249,327	3.00	
25,700 MESA AIR GROUP INC	100,800	100,800	0.00	
1,600 MIDDLEBY CORP	233,658	253,145	0.00	
132,800 MILLER HERMAN INC	130,214	138,496	0.00	
34,040 MOBILE MINI INC	2,529,608	3,422,256	1.20	
233,909 MONEYGRAM INTL INC	816,433	996,010	0.00	
97,805 MONSTER WORLDWIDE INC	5,602,444	7,941,211	0.50	
101,545 MOOG INC	2,950,539	4,172,361	0.00	
135,050 MSC INDL DIRECT INC	2,996,149	3,474,870	0.00	
38,200 NAVIGANT CONSULTING CO	4,472,025	6,424,329	1.20	
130,896 NAVISTAR INTL CORP INC	758,807	865,230	0.00	
61,522 NCO GROUP INC	3,730,220	3,221,351	0.00	
63,395 NORFOLK SOUTHN CORP	1,491,385	1,626,642	0.00	
405,382 NORTHROP GRUMMAN CORP	1,940,846	3,373,882	1.20	
45,742 ORBITAL SCIENCES CORP	21,293,557	25,968,771	1.90	
2,600 OSHKOSH TRUCK CORP	511,254	738,276	0.00	
900 P A M TRANSN SVCS INC	138,944	123,552	0.80	
85,512 PACCAR INC	21,806	26,001	0.00	
15,181 PALL CORP	5,300,694	7,044,479	1.50	
14,970 PARKER HANNIFIN CORP	293,179	425,068	1.60	
261,280 PENTAIR INC	738,187	1,161,672	1.20	
38,595 PHH CORP	8,985,167	8,933,163	1.60	
340,240 PITNEY BOWES INC	932,093	1,062,906	0.00	
4,500 PRECISION CASTPARTS CORP	14,719,819	14,051,912	3.10	
52,617 QUANTA SERVICES INC	277,163	268,920	0.20	
65,051 QUIXOTE CORP	794,672	911,853	0.00	
29,892 RAVEN INDs INC	1,353,336	1,172,219	2.10	
546,100 RAYTHEON CO	661,270	941,598	1.10	
5,400 REGAL BELOIT CORP	19,476,081	24,339,677	2.20	
25,700 RELIANCE STL & ALUM CO	259,470	238,410	1.30	
28,900 REPUBLIC SVCS INC	1,079,185	2,131,815	0.50	
	999,091	1,165,826	1.40	

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Industrials (continued)				
309,700	RESOURCES CONNECTION INC	7,140,179	7,748,694	0.00
52,249	REYNOLDS AMERN INC	3,465,609	6,024,310	4.30
23,644	ROBERT HALF INTL INC	544,933	993,048	0.80
207,155	ROCKWELL AUTOMATION INC	11,450,359	14,917,232	1.30
179,439	ROCKWELL COLLINS INC	8,600,609	10,025,257	1.20
109,872	RYDER SYS INC	3,198,691	6,419,821	1.20
61,640	SABRE HLDGS CORP	1,243,210	1,356,080	1.80
438,300	SERVICE MASTER COMPANY	4,929,426	4,527,639	4.30
38,900	SKYWEST INC	753,441	964,720	0.50
58,800	SMITH AO CORP	2,520,451	2,725,968	1.40
5,110	SOTHEBYS	0	134,138	0.00
92,335	SOUTHWEST AIRLS CO	1,381,896	1,511,524	0.10
32,900	STARTEK INC	466,923	491,855	6.70
331,800	STEELCASE INC	4,502,195	5,458,110	2.40
1,500	STERICYCLE INC	97,635	97,650	0.00
52,270	STRAYER ED INC	4,842,166	5,076,462	1.00
130,200	SWIFT TRANSN INC	2,895,435	4,135,152	0.00
10,700	TAL INTL GROUP INC	282,480	257,870	0.00
63,600	TEREX CORP NEW	1,869,796	6,277,320	0.00
70,289	TEXTRON INC	5,371,078	6,479,240	1.70
22,673	THOMAS & BETTS CORP	808,006	1,163,125	0.00
20	TIMCO AVIATION SVCS INC	48	66	0.00
211,300	TIMKEN CO	4,594,681	7,080,663	1.80
2,000	TOTAL SYS SVCS INC	39,278	38,500	1.50
2,600	TRINITY INDS INC	105,034	105,040	0.60
223,357	TYCO INTL LTD	3,836,698	6,142,318	1.50
178,732	UNION PAC CORP	11,297,196	16,614,927	1.30
140,769	UNITED PARCEL SVC INC	9,051,221	11,589,512	1.90
263,755	UNITED TECHNOLOGIES CORP	12,560,573	16,727,342	1.70
65,150	UNIVERSAL FST PRODS INC	3,551,417	4,086,860	0.20
74,300	URS CORP NEW	3,029,734	3,120,600	0.00
2,000	US AWYS GROUP INC	101,075	101,080	0.00
600	USG CORP	43,757	43,758	0.00
170,700	VALASSIS COMMUNICATIONS INC	4,872,667	4,026,813	0.00
63,843	WABASH NATL CORP	1,758,149	980,628	1.20
149,100	WASTE CONNECTIONS INC	4,996,489	5,427,240	0.00
76,173	WASTE MGMT INC DEL	1,995,063	2,733,087	2.50
35,700	WATSCO INC	1,011,267	2,135,574	1.70
108,900	WEIGHT WATCHERS INTL INC NEW	5,339,050	4,452,921	1.70
1,000	WEST CORP	46,635	47,910	0.00
28,324	WOODWARD GOVERNOR CO	815,850	864,165	1.30
27,711	WORLD FUEL SERVICES CORP.	768,319	1,266,116	0.30
9,500	XERIUM TECHNOLOGIES INC	65,930	89,490	9.60
17,300	YRC WORLDWIDE INC	746,188	728,503	0.00
Total Industrials		<u>629,480,864</u>	<u>788,874,178</u>	
Information Technology				
40,100	ACCENTURE LTD BERMUDA	897,493	1,135,632	1.10
937,838	ACTIVISION INC NEW	13,161,848	10,672,596	0.00
2,900	ACXIOM CORP	72,493	72,500	0.80
16,153	ADC TELECOMMUNICATIONS INC	210,561	272,340	0.00
224,373	ADOBE SYS INC	5,603,954	6,811,964	0.00
8,900	ADVANCED ENERGY INDS INC	117,204	117,836	0.00
160,679	ADVANCED MICRO DEVICES INC	4,422,901	3,923,781	0.00
14,500	AFFILIATED COMPUTER SVCS INC	784,515	748,345	0.00
5,700	AGERE SYS INC	96,444	83,790	0.00
281,544	AGILENT TECHNOLOGIES INC	6,931,368	8,885,529	0.00
51,800	AGILYSYS INC	851,710	932,400	0.70
5,200	AKAMAI TECHNOLOGIES INC	189,147	188,188	0.00
32,280	ALLSCRIPTS HEATHCARE SOLUT	546,132	566,514	0.00
51,397	ALTERA CORP	751,664	902,017	0.00
85,600	AMKOR TECHNOLOGY INC	685,660	809,776	0.00
5,800	AMPEX CORP DEL	0	67,628	0.00
315,445	AMPHENOL CORP NEW	12,735,469	17,652,302	0.20
51,805	ANALOG DEVICES INC	1,558,237	1,665,013	2.00
17,676	ANALOGIC CORP	762,053	823,878	0.90
276,057	ANDREW CORP	2,613,890	2,445,865	0.00

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Information Technology (continued)				
129,900 ANIXTER INTL INC				
161,490 ANSYS INC		3,278,901	6,165,054	0.00
160,887 APPLE COMPUTER		7,038,859	7,722,452	0.00
60,948 APPLIED FILMS CORP		5,399,403	9,189,865	0.00
224,412 APPLIED MATERIALS INC		1,975,129	1,736,409	0.00
19,300 ARROW ELECTRS INC		3,603,390	3,653,427	1.20
6,900 ASPEN TECHNOLOGY INC		539,471	621,460	0.00
96,200 ASYST TECHNOLOGIES INC		73,340	90,528	0.00
230,098 AUTHENTIDATE HLDG CORP		964,426	724,386	0.00
69,305 AUTODESK INCORPORATED		3,709,293	609,760	0.00
160,697 AUTOMATIC DATA PROCESSING INC		1,895,107	2,388,250	0.00
48,692 AVAYA INC		7,055,295	7,287,609	1.60
28,400 AVNET INC		246,130	556,063	0.00
4,000 AVOCENT CORP		590,017	568,568	0.00
2,600 AVX CORP NEW		100,100	105,000	0.00
13,100 BEA SYS INC		42,014	41,054	1.00
339,800 BEARINGPOINT INC		171,260	171,479	0.00
3,300 BEL FUSE INC		2,660,064	2,844,126	0.00
41,200 BENCHMARK ELECTRS INC		107,643	108,273	0.60
6,738 BLUE COAT SYS INC		833,860	993,744	0.00
30,424 BMC SOFTWARE INC		326,968	113,603	0.00
84,032 BROADCOM CORP		531,959	727,134	0.00
1,021,065 CA INC		1,828,189	2,525,162	0.00
8,000 CADENCE DESIGN SYS INC		26,993,427	20,982,886	0.80
36,619 CALAMP CORP		146,565	137,200	0.00
30,598 CERNER CORP		354,420	325,543	0.00
80,500 CHECKPOINT SYS INC		775,144	1,135,492	0.00
63,678 CIENA CORP		1,399,892	1,787,905	0.00
48,500 CIRRUS LOGIC INC		243,207	306,291	0.00
1,188,411 CISCO SYS INC		331,207	394,790	0.00
26,005 CITRIX SYS INC		19,542,847	23,209,667	0.00
2,376 CLEARONE COMMUNICATIONS INC		469,516	1,043,841	0.00
455,600 CNET NETWORKS INC		0	8,316	0.00
392,600 COGNIZANT TECHNOLOGY SOLUTIONS		4,520,233	3,635,688	0.00
22,200 COHERENT INC		14,549,855	26,449,462	0.00
46,145 COHU INC		694,319	748,806	0.00
34,200 COMMSCOPE INC		1,010,022	809,845	1.40
191,884 COMPUTER SCIENCES CORP		586,330	1,074,564	0.00
41,797 COMPUWARE CORP		7,450,896	9,294,861	0.00
99,870 COMTECH TELECOMMUNICATIONS		201,697	280,040	0.00
27,401 CONVERSE TECHNOLOGY INC		2,388,675	2,923,195	0.00
248,871 CORNING INC		317,130	541,718	0.00
27,500 COVANSYS CORP		2,989,244	6,020,189	0.00
2,200 CREE INC		420,703	345,675	0.00
4,400 CYMER INC		67,870	52,272	0.00
62,101 CYPRESS SEMICONDUCTOR CORP		189,460	204,424	0.00
456,257 DELL INC		957,007	902,949	0.00
1,800 DIEBOLD INC		13,208,668	11,137,233	0.00
213 DIGITAL RIV INC		80,838	73,116	2.10
214,400 DIODES INC		0	8,603	0.00
245,100 EARTHLINK INC		8,172,149	8,884,736	0.00
190,533 EBAY INC		2,780,792	2,122,566	0.00
43,756 ELECTRONIC ARTS INC		4,514,327	5,580,712	0.00
66,540 ELECTRONIC DATA SYS CORP NEW		1,628,674	1,883,258	0.00
654,584 EMC CORP		1,146,693	1,600,952	0.80
2,900 EMULEX CORP		6,550,293	7,180,786	0.00
102,562 F5 NETWORKS INC		57,117	47,183	0.00
1,800 FAIR ISAAC CORPORATION		5,308,061	5,485,016	0.00
18,700 FAIRCHILD SEMICONDUCTOR INTL		68,868	65,358	0.20
109,723 FIRST DATA CORP		316,486	339,779	0.00
372,420 FLIR SYS INC		4,221,829	4,941,924	0.50
99,400 FORMFACTOR INC		8,786,142	8,215,585	0.00
68,721 FREESCALE SEMICONDUCTOR INC		3,832,443	4,436,222	0.00
28,847 GATEWAY INC		1,096,834	2,020,397	0.00
11,800 GLOBAL IMAGING SYS INC		90,430	54,809	0.00
33,011 GOOGLE INC		412,561	487,104	0.00
20,300 GREATBATCH INC		13,005,144	13,842,503	0.00
		550,901	479,080	0.00

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
		\$	\$	%
<b>COMMON STOCK &amp; EQUITY FUNDS (continued)</b>				
Information Technology (continued)				
6,800	HARRIS CORP DEL	306,906	282,268	0.80
1,225,104	HEWLETT PACKARD CO	25,607,910	38,811,295	1.00
71,350	IAC INTERACTIVECORP	1,785,315	1,890,062	0.00
296,600	IKON OFFICE SOLUTIONS INC	4,045,908	3,737,160	1.30
46,700	INGRAM MICRO INC	812,923	846,671	0.00
3,700	INTEGRAL SYS INC MD	94,973	99,271	0.80
3,000	INTEGRATED DEVICE TECHNOLOGY	42,533	42,540	0.00
1,391,514	INTEL CORP	27,248,524	26,369,190	2.10
482,790	INTERNATIONAL BUSINESS MACHS	39,440,026	37,087,928	1.60
1,300	INTERNATIONAL RECTIFIER CORP	62,738	50,804	0.00
29,900	INTERNET SEC SYS INC	669,392	563,615	0.00
2,100	INTERSIL CORP	63,399	48,825	0.90
44,521	INTEVAC INC	900,550	965,215	0.00
133,668	INTUIT	6,223,376	8,072,211	0.00
48,900	IPASS INC	290,759	273,840	0.00
149,462	IXYS CORP DEL	1,506,477	1,434,835	0.00
276,400	J2 GLOBAL COMMUNICATIONS	4,925,859	8,629,208	0.00
549,252	JABIL CIRCUIT INC	15,636,465	14,060,851	1.10
237,064	JDS UNIPHASE CORP	599,886	599,772	0.00
72,200	JUNIPER NETWORKS INC	1,212,215	1,154,478	0.00
98,808	KEMET CORP	1,194,766	911,010	0.00
52,432	KLA TENCOR CORP	2,207,399	2,179,598	1.20
66,400	KOMAG INC	1,402,680	3,066,352	0.00
4,700	LAM RESH CORP	250,557	219,114	0.00
4,200	LECROY CORP	69,260	60,270	0.00
14,313	LEXMARK INTL INC	842,921	799,095	0.00
253,825	LINEAR TECHNOLOGY CORP	9,116,944	8,500,599	1.80
100,200	LITTELFUSE INC	2,647,902	3,444,876	0.00
52,525	LSI LOGIC CORP	349,770	470,099	0.00
55,000	LTX CORP	392,700	385,550	0.00
568,739	LUCENT TECHNOLOGIES INC	971,835	1,376,348	0.00
52,700	MAGMA DESIGN AUTOMATION INC	458,335	387,345	0.00
28,032	MANHATTAN ASSOCs INC	561,600	568,769	0.00
60,720	MANTECH INTL CORP	1,182,235	1,873,819	0.00
37,755	MAPINFO CORP	449,352	492,703	0.00
13,200	MARVELL TECHNOLOGY GROUP LTD	738,759	585,156	0.00
37,700	MATTSON TECHNOLOGY INC	420,090	368,329	0.00
443,709	MAXIM INTEGRATED PRODS INC	18,323,760	14,247,496	1.60
5,000	MCAFEE INC	131,200	121,350	0.00
4,700	MEMC ELECTR MATLS INC	216,772	176,250	0.00
32,933	MERCURY COMPUTER SYS INC	907,342	506,839	0.00
91,888	MERIX CORP	2,116,685	1,008,011	0.00
131,800	METTLER TOLEDO INTL INC	6,230,220	7,983,126	0.00
274,870	MICROCHIP TECHNOLOGY INC	8,279,233	9,221,889	2.60
90,549	MICRON TECHNOLOGY INC	1,434,108	1,363,668	0.00
14,480	MICROS SYS INC	650,991	632,486	0.00
2,115,017	MICROSOFT CORP	56,563,908	49,279,896	1.60
26,900	MKS INSTRS INC	557,885	541,228	0.00
20,097	MOLEX INC	571,598	674,656	0.90
936,170	MOTOROLA INC	13,753,873	18,863,826	1.00
59,844	MRO SOFTWARE INC	1,019,951	1,201,069	0.00
22,600	MTS SYS CORP	666,675	892,926	1.00
1,900	NATIONAL INSTRS CORP	59,679	52,060	0.90
48,524	NATIONAL SEMICONDUCTOR CORP	606,938	1,157,297	0.50
97,900	NAVTEQ CORP	3,735,202	4,374,172	0.00
21,248	NCR CORP NEW	308,553	778,527	0.00
229,609	NETWORK APPLIANCE INC	6,369,174	8,105,198	0.00
39,295	NOVELL INC	104,063	260,526	0.00
15,782	NOVELLUS SYS INC	460,408	389,815	0.00
106,155	NVIDIA CORP	1,970,211	2,260,040	0.00
4,950	OMNIVISION TECHNOLOGIES INC	110,695	104,544	0.00
44,073	OPENWAVE SYS INC	730,960	508,602	0.00
699,382	ORACLE CORP	8,477,015	10,134,045	0.00
63,300	OSI SYS INC	1,253,915	1,124,841	0.00
124,410	OVERLAND STORAGE INC	1,603,267	833,547	0.00
67,207	PARAMETRIC TECHNOLOGY CORP	910,721	854,201	0.00
302,746	PAYCHEX INC	10,191,886	11,801,039	1.60
129,000	PC TEL INC	1,335,579	1,101,660	0.00

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Information Technology (continued)				
16,168 PERKINELMER INC				
10,000 PEROT SYS CORP	154,329	337,911	1.30	
11,400 PHOTRONICS INC	136,800	144,800	0.00	
39,600 PLEXUS CORP	179,998	168,720	0.00	
29,650 PMC SIERRA INC	773,388	1,354,716	0.00	
27,610 POLYCOM INC	239,523	278,710	0.00	
21,370 PROGRESS SOFTWARE CORP	530,787	605,211	0.00	
8,500 PROQUEST COMPANY	640,606	500,272	0.00	
22,942 QLOGIC CORP	183,728	104,465	0.00	
274,774 QUALCOMM INC	408,424	395,520	0.00	
2,700 RAMBUS INC DEL	8,318,532	11,010,194	1.20	
76,500 REALNETWORKS INC	61,580	61,587	0.00	
6,200 RED HAT INC	710,609	818,550	0.00	
1,600 REYNOLDS & REYNOLDS CO	197,357	145,080	0.00	
24,755 ROFIN SINAR TECHNOLOGIES INC	48,783	49,072	1.40	
2,900 ROPER INDS	887,363	1,422,670	0.00	
72,830 SAFENET INC	143,074	135,575	0.50	
2,800 SALESFORCE COM INC	1,991,412	1,290,548	0.00	
28,000 SANDISK CORP	91,276	74,648	0.00	
561,162 SANMINA SCI CORP	1,721,950	1,427,440	0.00	
49,364 SECURE COMPUTING CORP	3,859,029	2,581,345	0.00	
39,256 SI INTL INC	661,456	424,530	0.00	
1,700 SILICON LABORATORIES INC	1,207,601	1,203,589	0.00	
113,581 SOLECTRON CORP	59,751	59,755	0.00	
390,675 SUN MICROSYSTEMS INC	327,710	388,447	0.00	
52,900 SUNTECH PWR HLDGS CO LTD	1,269,493	1,621,301	0.00	
21,800 SYBASE INC	1,498,974	1,494,425	0.00	
189,066 SYMANTEC CORP	437,768	422,920	0.00	
34,320 SYMBOL TECHNOLOGIES INC	2,962,811	2,938,086	0.00	
129,440 SYMMETRICOM INC	336,031	370,313	0.20	
23,912 SYNAPTICS INC	1,389,943	915,141	0.00	
26,718 T HQ INC	524,054	511,717	0.00	
3,700 TALX CORP	504,654	577,109	0.00	
44,000 TECHNITROL INC	93,753	80,919	0.70	
45,718 TEKELEC INC	779,079	1,018,600	1.50	
10,989 TEKTRONIX INC	750,440	564,617	0.00	
238,400 TELEDYNE TECHNOLOGIES INC	229,680	323,296	0.80	
48,929 TELLABS INC	7,621,806	7,809,984	0.00	
26,646 TERADYNE INC	376,280	651,245	0.00	
160,290 TESSERA TECHNOLOGIES INC	377,426	371,179	0.00	
332,699 TEXAS INSTRS INC	3,574,684	4,407,975	0.00	
19,387 THERMO ELECTRON CORP	8,032,030	10,077,453	0.40	
212,248 TIER TECHNOLOGIES INC	397,420	702,585	0.00	
14,200 TRIDENT MICROSYSTEMS INC	2,062,044	1,337,162	0.00	
119,327 TRIMBLE NAVIGATION LTD	379,629	269,516	0.00	
135,110 TRIZETTO GROUP INC	3,838,574	5,326,757	0.00	
12,180 UNICA CORP	1,089,714	1,998,277	0.00	
37,266 UNISYS CORP	149,097	120,582	0.00	
209,300 UNITED ONLINE INC	327,213	234,030	0.00	
346,950 VALUECLICK INC	2,500,778	2,511,600	6.70	
28,145 VARIAN INC	4,788,551	5,325,683	0.00	
40,581 VARIAN SEMI EQUIP ASSOC INC	1,170,711	1,168,299	0.00	
34,300 VERISIGN INC	1,065,356	1,323,346	0.00	
21,735 VIASAT INC	803,068	794,731	0.00	
2,600 VISHAY INTERTECHNOLOGY INC	440,396	558,155	0.00	
15,197 WATERS CORP	43,582	40,898	0.00	
152,930 WEBEX COMMUNICATIONS	451,943	674,747	0.00	
104,478 WESTERN DIGITAL CORP	3,652,833	5,435,132	0.00	
220,800 WHITE ELECTR DESIGNS CORP	1,518,006	2,069,709	0.00	
29,711 WITNESS SYS INC	1,927,851	1,121,664	0.00	
249,440 XEROX CORP	682,187	599,271	0.00	
170,153 XILINX INC	3,299,626	3,469,710	0.00	
5,300 XYRATEX LTD	3,950,227	3,853,965	1.60	
359,737 YAHOO INC	128,433	140,185	0.00	
66,400 ZEBRA TECHNOLOGIES CORP	8,958,713	11,871,321	0.00	
47,900 ZYGO CORP	2,707,252	2,268,224	0.00	
	794,146	785,081	0.00	
Total Information Technology	664,199,505	723,628,007		

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Materials				
66,640	AIR PRODS & CHEMS INC	3,710,582	4,259,629	2.10
192,460	AIRGAS INC	5,989,830	7,169,135	0.80
23,370	ALBEMARLE CORP	1,127,388	1,118,956	1.40
142,359	ALCOA INC	3,740,822	4,606,737	1.90
12,932	ALLEGHENY TECHNOLOGIES INC	353,141	895,412	0.60
69,472	AMCOL INTL CORP	1,484,951	1,830,587	1.80
15,300	APTARGROUP INC	758,577	759,033	1.60
4,800	ARCH COAL INC	237,867	203,376	0.60
7,824	ASHLAND INC NEW	202,604	521,861	1.70
127,750	BALCHEM CORP	1,557,158	2,874,375	0.30
14,894	BALL CORP	413,375	551,674	1.10
11,460	BEMIS CO INC	293,471	350,905	2.50
1,200	CABOT CORP	41,614	41,424	1.90
800	CARPENTER TECHNOLOGY CORP	92,398	92,400	0.50
2,100	CHAPARRAL STL CO DEL	139,065	151,242	0.00
47,632	COMMERCIAL METALS CO	442,703	1,224,142	0.90
20,400	COMPASS MINERALS INTL INC	512,561	508,980	4.90
16,100	CONSOL ENERGY INC	724,264	752,192	0.60
5,600	CROWN HLDGS INC	92,691	87,192	0.00
119,800	CYTEC INDs INC	5,201,802	6,428,468	0.80
167,717	DOW CHEM CO	5,556,094	6,545,995	3.80
211,408	DU PONT EI DE NEMOURS & CO	8,616,717	8,794,573	3.60
134,903	EAGLE MATLS INC	8,728,763	6,407,893	1.50
121,915	EASTMAN CHEM CO	5,574,739	6,583,410	3.30
26,102	ECOLAB INC	721,492	1,059,219	1.00
1,600	FLORIDA ROCK INDs INC	102,912	79,472	1.20
51,001	FMC CORP	2,239,673	3,283,954	1.10
1,500	FOUNDATION COAL HLDGS INC	70,391	70,395	0.40
24,043	FREEPORT MCMORAN COPPER & GOLD	604,701	1,332,223	2.30
34,200	GIBRALTAR INDs INC	768,446	991,800	0.70
23,900	GREIF INC	1,464,141	1,791,544	1.90
78,071	HERCULES INC	1,165,071	1,191,363	0.00
2,300	HUNTSMAN CORP	39,830	39,836	0.00
321,057	INTERNATIONAL PAPER CO	12,824,557	10,370,141	3.10
10,865	INTERNATIONAL FLAVORS & FRAGRANCES INC	367,651	382,883	2.10
43,084	LONGVIEW FIBRE CO WASHINGTON	718,205	822,474	6.30
29,117	LOUISIANA PAC CORP	517,091	637,662	2.70
126,783	LUBRIZOL CORP	5,173,729	5,052,303	2.60
1,500	MARTIN MARIETTA MATLS INC	153,274	136,725	1.00
2,800	MASSEY ENERGY CORP	117,721	100,800	0.40
148,473	MEADWESTVACO CORP	4,020,190	4,146,851	3.30
130,630	METAL MGMT INC	3,037,343	3,999,891	1.00
38,858	MONSANTO CO NEW	1,422,546	3,271,455	1.00
372,296	NEWMONT MNG CORP	13,777,112	19,705,627	0.80
9,900	NN INC	118,339	122,265	2.60
122,808	NUCOR CORP	3,451,839	6,662,334	0.70
66,200	OLIN CORP	1,426,941	1,186,966	4.50
53,200	OLYMPIC STL INC	1,821,454	1,882,748	0.30
107,200	OM GROUP INC	3,169,762	3,307,120	0.00
37,618	OWENS ILL INC	917,924	630,478	0.00
2,700	PACKAGING CORP AMER	59,447	59,454	4.50
20,165	PACTIV CORP	426,080	499,084	0.00
8,900	PEABODY ENERGY CORP	638,575	496,175	0.40
40,919	PHELPS DODGE CORP	1,916,054	3,361,905	1.00
59,502	PPG INDs INC	3,335,974	3,927,132	2.90
125,290	PRAXAIR INC	4,956,387	6,765,660	1.90
65,550	QUANEX CORP	2,407,791	2,823,239	1.10
1,100	RAYONIER INC	41,698	41,701	5.00
16,618	ROHM & HAAS CO	579,384	832,894	2.60
10,020	RTI INTL METALS INC	539,121	559,517	0.00
46,400	SCOTTS MIRACLE GRO CO	1,548,492	1,963,648	1.20
10,041	SEALED AIR CORP NEW	232,213	522,935	1.20
8,346	SIGMA ALDRICH	410,146	606,253	1.20
42,200	SILGAN HLDGS INC	902,534	1,561,822	1.30
12,700	SOUTHERN COPPER CORP DEL	659,444	1,131,951	12.30
8,400	SPARTECH CORP	199,500	189,840	2.20
40,314	SYMYX TECHNOLOGIES INC	1,007,354	973,583	0.00

Shares		Cost	Fair Value	Dividend Yield
	COMMON STOCK & EQUITY FUNDS (continued)	\$	\$	%
Materials (continued)				
12,154	TEMPLE INLAND INC	270,776	521,042	2.30
40,200	TEXAS INDs INC	2,427,621	2,134,620	0.60
2,500	TITANIUM METALS CORP	85,944	85,950	0.00
9,456	TRONOX INC	180,312	124,536	1.50
73,588	UNITED STS STL CORP NEW	3,303,098	5,159,991	0.90
42,200	VALSPAR CORP	1,044,065	1,114,502	1.70
14,516	VULCAN MATLS CO	671,216	1,132,248	1.90
27,061	WEYERHAEUSER CO	1,319,137	1,684,547	3.90
Totals Materials		<u>144,967,875</u>	<u>173,292,349</u>	
Private Placement				
12,444	ARENA BRANDS HOLDING CORP	124,440	128,795	N/A
Total Private Placement		<u>124,440</u>	<u>128,795</u>	
Rights and Warrants				
235	AMERICAN BANKNOTE CORP	2	0	
25,609	LUCENT TECHNOLOGIES INC	0	6,914	
1,850	MAGELLAN HEALTH SVCS INC	185	0	
Total Rights and Warrants		<u>187</u>	<u>6,914</u>	
Telecommunications Services				
42,552	ALLTEL CORP	2,242,724	2,716,094	2.40
200,600	AMERICAN TOWER CORP	4,755,398	6,242,672	0.00
1,461,855	AT&T INC	38,304,148	40,771,136	4.80
517,818	BELLSOUTH CORP	14,709,347	18,745,012	3.20
72,000	CENTENNIAL COMMUNICATIONS CORP	734,214	374,400	0.00
183,494	CENTURYTEL INC	6,330,237	6,816,802	0.70
40,461	CITIZENS COMMUNICATIONS CO	384,663	528,016	7.70
40,400	COMMONWEALTH TEL ENTERPRISES	1,353,579	1,339,664	6.00
177,177	CROWN CASTLE INTL CORP	2,745,240	6,119,694	0.00
8,700	CT COMMUNICATIONS INC	115,798	198,969	1.80
29,578	DIGITALGLOBE INC	0	29,578	0.00
16,295	EMBARQ CORP	363,789	667,932	0.00
900	LEAP WIRELESS INTL INC	42,703	42,705	0.00
28,400	LEVEL 3 COMMUNICATIONS INC	126,025	126,096	0.00
5,600	LIBERTY GLOBAL INC	117,712	120,400	0.00
181,900	NEUSTAR INC	5,408,574	6,139,125	0.00
4,600	NII HLDGS INC	299,835	259,348	0.00
169,844	QWEST COMMUNICATIONS INTL INC	614,963	1,374,038	0.00
3,500	SBA COMMUNCATIONS CORP	91,481	91,490	0.00
1,021,313	SPRINT NEXTEL CORP	15,646,520	20,416,047	0.50
23,500	SYNIVERSE HLDGS INC	336,262	345,450	0.00
37,700	TALK AMER HLDGS INC	342,655	233,363	0.00
2,000	TELEPHONE & DATA SYS INC	82,331	82,800	0.90
1,011,667	VERIZON COMMUNICATIONS	39,302,778	33,880,728	4.80
Total Telecommunications Services		<u>134,450,976</u>	<u>147,661,559</u>	
Utilities				
93,649	AES CORP	626,149	1,727,824	0.00
24,040	AGL RES INC	853,147	916,405	3.90
57,314	ALLEGHENY ENERGY INC	1,494,063	2,124,630	0.00
22,456	AMEREN CORP	954,482	1,134,028	5.00
344,132	AMERICAN ELEC PWR INC	12,173,763	11,786,521	4.30
3,300	AMERICAN STS WTR CO	122,958	117,645	2.50
2,600	AQUA AMER INC	59,379	59,254	1.90
29,100	ATMOS ENERGY CORP	774,897	812,181	4.50
74,533	AVISTA CORP	1,447,301	1,701,588	2.50
26,473	BLACK HILLS CORP	955,471	908,818	3.90
234,562	CENTERPOINT ENERGY INC	3,911,598	2,932,025	4.80
24,023	CMS ENERGY CORP	230,813	310,858	0.00
26,815	CONSOLIDATED EDISON INC	1,142,684	1,191,659	5.20
20,329	CONSTELLATION ENERGY GROUP INC	578,600	1,108,337	2.80
188,378	DOMINION RES INC VA NEW	11,841,292	14,088,791	3.70
103,396	DTE ENERGY CO	4,417,683	4,212,353	5.10
173,231	DUKE ENERGY HLDG CORP	3,691,461	5,087,794	4.40
40,373	DYNEGY INC NEW	73,255	220,840	0.00
153,731	EDISON INTL	2,836,807	5,995,509	2.80

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
		\$	\$	%
<b>COMMON STOCK &amp; EQUITY FUNDS (continued)</b>				
	Utilities (continued)			
68,970	ENERGEN CORP	1,829,855	2,649,138	1.20
22,753	ENTERGY CORP NEW	1,049,262	1,609,775	3.10
92,328	EXELON CORP	3,085,871	5,247,000	2.80
36,076	FIRSTENERGY CORP	1,218,176	1,955,680	3.30
44,196	FPL GROUP INC	1,372,030	1,828,830	3.60
19,095	KEYSPAN CORP	690,369	771,438	4.60
42,500	LACLEDE GROUP INC	1,341,843	1,460,300	4.10
3,600	NALCO HLDG CO	64,250	63,468	0.00
60,600	NEW JERSEY RES CORP	2,768,550	2,834,868	3.10
4,856	NICOR INC	150,134	201,524	4.50
29,636	NISOURCE INC	514,937	647,250	4.20
1,400	NRG ENERGY INC	67,449	67,452	0.00
153,419	OGE ENERGY CORP	3,567,003	5,374,268	3.80
61,700	ONEOK INC NEW	1,489,289	2,100,268	3.50
10,100	ORMAT TECHNOLOGIES INC	320,766	385,315	0.40
4,121	PEOPLES ENERGY CORP	151,304	147,985	6.10
139,213	PG&E CORP	4,458,313	5,468,287	3.40
67,673	PINNACLE WEST CAP CORP	2,967,985	2,700,829	5.00
67,550	PNM RES INC	1,521,173	1,686,048	3.50
140,928	PPL CORP	3,172,633	4,551,974	3.40
27,554	PROGRESS ENERGY INC	1,142,940	1,181,240	5.60
65,616	PUBLIC SVC ENTERPRISE GROUP	3,546,018	4,338,530	3.50
2,500	QUESTAR CORP	200,752	201,225	1.20
108,128	SEMPRA ENERGY	2,554,998	4,917,661	2.60
81,024	SOUTHERN CO	2,419,740	2,596,819	4.80
24,500	SOUTHWEST GAS CORP	736,446	767,830	2.60
181,118	SOUTHWESTERN ENERGY CO	5,377,409	5,643,637	0.00
210,202	TECO ENERGY INC	3,431,019	3,140,418	5.10
241,272	TXU CORP	3,777,365	14,425,653	2.80
35,500	UGI CORP NEW	762,477	874,010	2.90
17,800	UNISOURCE ENERGY CORP	552,607	554,470	2.70
44,055	XCEL ENERGY INC	479,351	844,975	4.60
	Total Utilities	104,968,117	137,675,225	
	Commingled & Other Assets			
33,676	AFL CIO HOUSING TRUST	37,443,696	35,494,420	
24,262	AMALGAMATED BANK NYC	39,827,708	42,001,784	
255,600	ISHARES TR	17,279,603	16,750,980	
27,704	JEWEL RECOVERY L P	373,906	0	
275,655	TEMPORARY INVT FD INC	2,825,467	6,607,458	
7,904	ULLICO J FOR JOBS	74,215,747	80,459,925	
478,324	WA YANKEE PORTFOLIO LLC	4,783,223	4,614,380	
	Total Commingled & Other Assets	176,749,350	185,928,947	
	<b>TOTAL COMMON STOCK &amp; EQUITY FUNDS</b>	<b>4,586,725,383</b>	<b>5,369,124,032</b>	
	<b>PREFERRED STOCK</b>			
113	BURLINGTON MTR CARRIERS INC	2,355,000	0	0.00
50,200	GENERAL MTRS CORP	908,769	928,700	0.00
6,600	PREFERRED PLUS TR	111,418	128,634	0.00
29,808	TCR HLDG CORP	1,772	0	0.00
	<b>TOTAL PREFERRED STOCK</b>	<b>3,376,959</b>	<b>1,057,334</b>	
	<b>FOREIGN EQUITY SECURITIES</b>			
	Consumer Discretionary			
31,480	ACCOR	1,247,692	1,915,588	2.42
9,436	ADIDAS AG	395,763	451,002	0.87
10,507	ANTENA 3 TV	240,700	239,945	3.86
331,000	ATSUGI	430,222	486,445	1.19
31,000	AVEX GROUP HOLDINGS	415,299	733,543	1.48
108,700	BARRATT DEVEL	1,977,402	1,905,917	2.99
92,770	BAYERISCHE MOTOREN WERKE AG	4,329,902	4,633,310	1.64
7,965	BETER BED	190,207	199,819	3.06
901	BIJOU BRIGITTE	185,473	240,896	2.60
299,080	BRITISH SKY BROADCAST	2,777,958	3,172,393	1.83
259,000	CALSONIC CORP	2,012,553	1,653,939	1.03
47,404	CARNIVAL CORP	1,284,219	1,978,643	2.40

Shares		Cost	Fair Value	Dividend Yield
	FOREIGN EQUITY SECURITIES (continued)	\$	\$	%
Consumer Discretionary (continued)				
COGECA CABLE INC				
20,900	COGECA CABLE INC	505,479	392,404	0.77
714,230	COMPASS GROUP	3,036,100	3,464,334	3.78
59,935	CONTINENTAL AG	6,302,846	6,124,739	1.25
11,300	CTS EVENTIM AG	342,967	346,770	1.42
85,000	D&M HOLDINGS INC	333,775	268,425	1.39
18,900	DAIKOKU DENKI CO	713,532	591,891	1.68
100,000	DAITO TRUST CONST	5,228,112	5,546,079	1.48
1	DE VERE GROUP	15	16	1.65
101,000	DENSO CORP	2,004,815	3,304,378	1.12
157,761	ENTERPRISE INNS	2,501,951	2,766,140	2.26
14,000	EXEDY CORP	298,915	440,887	0.81
89	FIELDS CORP	265,846	276,385	1.13
249,874	FIRST CHOICE HOLIDAYS	938,375	1,057,178	3.02
50,500	FUJIFILM HOLDINGS	1,635,126	1,696,365	0.65
74,000	FUTABA INDUSTRIAL	1,448,784	1,708,962	0.80
62,800	GALLAHER GROUP PLC	3,855,920	3,927,512	3.90
40,200	GILDAN ACTIVEWEAR INC	1,256,693	1,908,244	N/A
93,299	GKN	473,962	471,092	4.47
144,200	GLEESON (MJ) GROUP	742,004	1,054,152	2.05
330,000	GOME ELECTRICAL AP	234,484	278,293	1.30
74,908	GR ED L'ESPRESSO	471,830	399,886	3.47
91,600	GREENE KING	1,237,260	1,393,470	2.27
58,400	HANKOOK TIRE MANFT	662,196	686,371	2.24
82,900	HENNES & MAURITZ	1,459,329	3,210,836	3.41
20,000	HITACHI KOKI CO	282,749	305,297	1.37
301,800	HONDA MOTOR CO	7,333,619	9,583,467	1.38
17,684	HUMAX CO LTD	462,416	376,533	0.74
4,673	HUNTER DOUGLAS NV	275,042	314,591	3.51
115,504	INCHCAPE	796,441	1,009,404	2.01
78,000	INDITEX	1,691,465	3,289,250	1.73
23,099	INTRALOT SA	382,886	620,246	2.62
27,000	IZUMI CO	654,256	984,910	0.62
253,000	JUKI CORP	1,521,313	1,338,976	1.32
42,637	JUMBO SA	427,314	533,184	1.87
241,751	JUST GROUP	564,234	614,262	4.24
31,000	KATO SANGYO	497,815	452,600	1.50
41,000	KEIHIN CORP	1,211,069	880,506	1.30
326,000	KENWOOD CORP	798,142	610,279	0.93
669,000	KINGFISHER	3,230,961	2,951,078	4.49
59,000	KOHNAN SHOJI	892,289	761,274	1.22
254,326	KONINKLIJKE PHILIPS ELECTRS N	6,063,385	7,919,712	1.70
261,000	KURABO INDUSTRIES	630,732	828,789	1.38
46,900	LG ELECTRONICS INC	1,137,258	2,842,574	2.17
72,300	LINDEX AB	943,387	1,028,778	0.00
46,000	LVMH MOET HENNESSY LOUIS VUITT	1,580,352	4,564,268	1.48
9,758	MAISONS FRANCE CON	613,458	587,670	1.85
48,200	MAKITA CORP	1,299,514	1,526,344	1.55
333,000	MANDARIN ORIENTAL	286,356	382,950	1.30
212,000	MARKS & SPENCER GP	2,241,928	2,301,654	2.39
15,500	MARS ENGINEERING	416,071	494,904	1.11
101,000	MATSUSHITA ELC IND	2,437,339	2,133,709	1.24
93,800	METCASH LIMITED	218,665	260,636	3.07
46,940	MICHELIN(CGDE)	1,380,629	2,820,932	2.87
316,900	MILLERS RETAIL	396,966	361,402	0.00
136,567	MITCHELLS & BUTLER	985,240	1,302,089	1.70
155,900	MONSOON	822,162	1,108,686	0.00
20,000	MUSASHI SEIMITSU I JPY50	471,773	444,386	1.26
27,936	NEXT GROUP	830,427	843,239	2.70
32,000	NIPPON SEIKI CO	438,678	634,038	1.12
26,100	NISSIN KOGYO	331,009	481,748	1.04
172,000	PACIFIC INDUSTRIAL	877,363	1,044,202	1.15
164,890	PEARSON	1,843,690	2,246,121	3.67
14,121	PERSIMMON	296,507	322,290	2.51
124,000	PRESS KOGYO CO	710,207	623,715	1.22
51,186	PUBLICIS GROUPE SA	1,592,798	1,976,559	1.19
2,405	PUMA AG	930,221	934,631	0.66
37,900	RICHEMONT (CIE FIN)	1,915,529	1,732,571	3.08
30,660,620	ROLLS ROYCE GROUP	0	56,708	2.10

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
		\$	\$	%
<b>FOREIGN EQUITY SECURITIES (continued)</b>				
Consumer Discretionary (continued)				
9,700	RYOHIN KEIKAKU CO	497,469	795,924	0.96
22,100	SANKYO CO	1,536,420	1,405,476	1.38
31,000	SEIKO CORPORATION	272,071	293,417	1.39
48,500	SHOWA CORP	751,103	810,773	1.26
31,000	SIXT AG	1,681,373	1,783,716	1.78
131,700	SONY CORP	4,821,772	5,818,003	0.50
17,000	TAMRON CO	316,838	284,635	1.83
147,400	TF1 TV FRANCAISE	3,714,583	4,806,061	2.55
126,290	THOMSON SA	2,511,211	2,087,945	2.32
1,500	TIM HORTONS INC	38,621	38,625	0.00
4,102	TODS SPA	235,495	307,463	1.71
78,895	TOPPS TILES	376,707	323,943	4.28
83,000	TOYO TIRE & RUBBER	396,694	324,551	2.01
42,312	TPI TELEF PUB INFO	402,505	458,246	4.01
25,200	TRELLEBORG AB	396,326	430,294	4.47
71,000	UNIPRES	776,841	642,208	1.21
63,000	UNY CO LTD	846,534	929,721	1.07
106,400	UTD BUSINESS MEDIA	1,401,975	1,274,229	2.78
12,383	VALENTINO FASHION	310,600	360,371	2.20
1,186	VALORA HLDG AG	286,305	256,563	3.40
95,400	VIVENDI SA	3,374,711	3,341,977	3.65
95,497	WETHERSPOON (JD)	625,949	758,169	1.03
15,070	WOLTERS KLUWER	332,424	355,903	2.98
21,270	WOONG JIN COWAY	481,705	466,339	1.63
83,000	YAMATO INTL	577,168	798,670	1.64
314,308	YELL GROUP	2,225,007	2,973,495	2.99
Total Consumer Discretionary		133,339,768	157,484,128	
Consumer Staples				
15,500	ASAHI SOFTDRINKS	225,518	231,859	0.70
17,320	BOURBON	458,684	934,570	1.18
105,100	BRIT AMER TOBACCO	2,670,102	2,647,561	3.45
713,539	BURNS PHILP & CO	539,037	485,063	0.00
64,226	C&C GROUP	449,907	557,612	2.22
87,400	C&C GROUP	742,728	758,810	2.22
312,910	CADBURY SCHWEPPES	1,916,917	3,018,143	2.49
16,100	CCL INDS INC	392,811	469,059	1.36
63,800	COCA COLA HELL BOT	2,076,652	1,900,764	1.29
2,722	COLRUYT SA	456,451	424,967	1.70
70,729	DAIRY CREST GROUP	609,825	658,863	4.27
19,395	DELHAIZE GROUP	1,335,052	1,344,128	1.66
40,100	EMPIRE LTD	1,321,654	1,540,394	1.40
7,000	EZAKI GLICO CO	71,005	72,440	0.85
22,128	HENKEL KGAA	2,380,128	2,528,348	1.52
47,200	INBEV	2,258,596	2,314,509	0.94
39,933	JERONIMO MARTINS SGPS	607,113	681,655	3.15
142,000	KAO CORP	3,132,659	3,720,334	1.74
75,400	KATOKICHI CO	693,164	758,518	0.87
29,100	KESKO OYJ	943,939	1,115,517	3.67
2,300	KIRIN BEVERAGE	60,914	66,395	0.39
88,000	KIRIN BREWERY CO	1,386,331	1,384,875	0.83
52,200	LOREAL	3,478,841	4,929,156	1.35
37,000	MINISTOP CO	752,782	705,594	1.79
1,100,000	MORRISON(W)SUPRMKT	4,542,134	3,957,113	1.90
31,260	NESTLE SA	7,953,829	9,799,053	2.34
119,800	NISSHIN SEIFUN GRP	1,275,324	1,336,176	1.41
2,412	NONG SHIM CO	678,981	635,607	1.60
19,745	NUTRECO HOLDINGS	725,610	1,264,872	3.03
113,000	OENON HLDGS	466,080	439,881	1.57
40,100	ORKLA ASA	2,195,550	1,859,167	2.60
673,200	PAN FISH ASA	249,938	729,176	0.00
130,770	RECKITT BENCKISER PLC	2,461,162	4,885,687	1.93
534,000	TINGYI(CAYMAN ISLA	181,459	326,574	2.04
65,900	TOYO SUISAN KAISHA	1,001,789	1,033,047	1.00
6,400	TSURUHA HOLDINGS I	209,358	249,696	0.90
196,151	UNILEVER PLC	2,893,302	4,411,540	3.71
Total Consumer Staples		53,795,326	64,176,523	

Shares		Cost	Fair Value	Dividend Yield
	FOREIGN EQUITY SECURITIES (continued)	\$	\$	%
	Energy			
43,000	AOC HOLDINGS INC	681,674	738,013	0.76
674,000	BG GROUP	2,721,108	9,006,662	0.83
970,860	BP PLC	10,837,757	11,321,600	3.28
16,016	BURREN ENERGY	141,728	258,307	1.38
113,999	CALTEX AUSTRALIA	1,433,691	1,998,815	1.95
6,254	CIE GEN GEOPHYSIQU	696,685	1,078,752	0.00
8,245,000	CNOOC LTD	3,514,246	6,581,563	3.23
156,000	COSMO OIL COMPANY	501,837	702,795	1.55
668	DISTRIGAZ	3,194,258	3,114,614	3.67
206,670	ENI	4,084,750	6,085,874	4.78
59,000	FORTUM OYJ	1,610,836	1,508,807	2.90
7,400	FUCHS PETRO AG OEL	298,418	390,213	1.62
23,923	FUGRO NV	958,772	1,031,466	1.78
46,920	HUSKY ENERGY INC	490,888	2,955,863	1.43
130,500	JKX OIL & GAS	269,436	941,329	0.28
390,870	NATIONAL GRID	3,405,290	4,229,162	4.46
56,000	NORSK HYDRO ASA	1,787,293	1,484,910	2.67
45,100	OMV AG	3,225,189	2,684,404	1.93
165,130	REPSOL YPF SA	3,846,772	4,727,501	2.28
127,419	ROYAL DUTCH SHELL B SHARES	2,568,862	4,456,479	3.62
62,000	SAN AI OIL CO	319,625	271,181	2.00
197,908	SBM OFFSHORE NV	1,936,977	5,273,666	3.10
138,000	SINGAPORE PETROL	408,984	440,699	6.34
75,000	SUNCOR ENERGY INC	2,192,702	6,092,528	0.35
42,548	TOTAL SA	368,040	2,799,085	3.10
30,200	TRICAN WELL SVC LTD	487,917	605,575	0.45
153,126	TULLOW OIL	498,440	1,081,878	1.05
21,314	VENTURE PRODUCTION	259,495	282,651	0.00
67,085	WOOD GROUP (JOHN)	191,394	290,340	0.94
264,850	WOODSIDE PETROLEUM	1,494,168	8,657,891	2.11
33,500	WORLEYPARSONS LIMITED	180,117	500,265	1.93
	Total Energy	54,607,349	91,592,888	
	Financials			
109,400	ABERDEEN ASSET MGT	268,589	308,570	2.36
4,668	ACKERMANS	300,221	339,621	1.19
43,987	ADELAIDE BANK	376,416	424,188	4.24
77,023	ADMIRAL GROUP	544,235	884,664	3.96
109,762	ALLCO FINANCE GRP LTD	506,039	1,007,114	3.24
2,650	AMB GENERALI HOLDING AG	242,076	376,115	1.85
215,221	AMLIN	696,535	939,426	4.32
171,420	AMVESCAP	895,563	1,570,190	1.92
16,000	APRIL GROUP	516,665	858,639	0.79
1,190,500	AUSTRALIAN WEALTH	1,797,905	2,158,135	1.23
195,700	AVIVA PLC	2,809,555	2,770,781	3.57
120,493	AXA	1,836,805	3,953,394	3.43
19,856	BALOISE HLDGS	1,244,191	1,522,834	2.34
413,400	BANCA INTESA SPA	2,424,272	2,420,960	N/A
34,200	BANCA ITALEASE EUR5.16	1,436,710	1,713,772	1.25
81,932	BANCO BPI SA	323,074	622,288	2.02
229,000	BANK OF EAST ASIA	903,743	942,005	3.94
171	BANK SARASIN & COMPAGNIE AG	411,744	449,486	2.80
202,100	BARCLAYS	2,458,813	2,296,965	4.33
28,154	BCA POP DI MILANO	291,704	358,731	1.51
33,152	BCC DE SABADELL	840,158	1,159,361	2.08
35,320	BCE POP UNITE	731,090	913,625	3.71
211,800	BCO POPULAR ESP	378,723	3,155,030	2.65
95,900	BCO SANT CENT HISP	1,158,180	1,400,349	3.23
39,810	BCP POP VERON NOV	942,594	1,066,419	3.34
32,852	BERKELEY GP HLDGS	614,525	737,036	0.00
18,700	BINICK NV	354,934	325,904	1.61
41,900	BNP PARIBAS	3,859,133	4,010,121	3.47
5,095	BQE CANT VAUDOISE	1,100,912	1,738,539	1.08
88,989	BRADFORD & BINGLEY	554,163	764,930	3.94
33,138	BRITISH LAND CO	575,953	774,098	1.35
309,400	CAPITALIA SPA	2,582,942	2,537,865	3.12
1	CATTLES PLC	7	6	4.77

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	FOREIGN EQUITY SECURITIES (continued)	\$	\$	%
Financials (continued)				
58,300	CENTURY LEASING SY	681,040	920,030	1.11
288,500	CHAUCER HOLDINGS	381,165	320,157	5.17
347,000	CHEUNG KONG(HLDGS)	1,783,060	3,759,502	2.38
705,000	CITIC INTERNATIONAL FINANCIA	398,197	397,113	3.95
40,000	COMMONWEALTH BK OF AUST	1,398,891	1,319,776	4.64
6,079	CNP ASSURANCES	419,687	577,916	2.57
2,464	COFINIMMO SA	397,855	425,960	4.62
35,900	CORP MAPFRE SA	738,343	662,388	1.88
75,600	COUNTRYWIDE	693,592	699,130	0.80
38,162	CREDEM	410,597	471,124	N/A
38,000	CREDIA CO	555,845	392,249	1.91
79,000	CREDIT SUISSE GRP	4,714,792	4,411,102	2.92
286	CREED CORP	667,723	1,130,840	0.22
57,000	D CARNEGIE & CO AB	1,165,999	1,044,500	6.96
294,000	DAISHI BANK	1,171,867	1,311,639	1.18
160,000	DAIWA SECURITIES GROUP INC	2,168,925	1,909,111	2.57
19,900	DANSKE BANK A/S	782,527	757,283	4.50
333,040	DBS GROUP HLDGS	1,225,042	3,811,948	3.54
17,000	DEUTSCHE BANK AG	2,024,625	1,912,860	2.84
16,162	DEUTSCHE EUROSHOP	816,310	1,124,205	3.68
134,400	DNB NOR ASA	1,943,194	1,668,499	4.53
9,438	DT POSTBANK AG	509,682	678,940	2.22
69,000	ERGO PREVIDENZA	466,112	389,963	3.94
8,701	EULER HERMES	671,582	960,133	4.06
1,480,956	F E CONSORTM INTL	689,777	633,987	2.41
620,000	FIRST PACIFIC CO	192,852	241,470	0.99
4,450	FIRSTSERVICE CORP	111,425	118,548	0.00
204,579	FKP	644,281	797,958	5.87
19,647	FONDIARIA SAI SPA	527,688	802,887	2.97
211,923	FRIENDS PROVIDENT	675,986	700,632	4.31
21,300	FUYO GENERAL LEASE	808,289	847,789	0.79
4,139	GPO CATALANA OCCID	506,989	525,264	1.09
224,000	HBOS	3,870,624	3,894,413	3.84
756,900	HIGHWAY INSURANCE HOLDINGS	564,714	1,042,944	7.11
153,196	HISCOX	519,941	590,772	3.36
125,100	HSBC HLDGS	506,860	2,192,109	4.34
79,000	HYAKUJUSHI BANK	492,349	512,776	0.81
15,525	HYPO REAL ESTATE	830,176	942,726	2.11
89,260	HYUNDAI FIRE MARIN	446,975	1,251,352	1.69
88,075	ICICI BK LTD	741,481	2,082,974	1.60
45,762	IFIL INVESTMENTS SPA	199,579	259,800	1.80
175,061	IG GROUP HLDGS	491,981	688,041	0.71
272,900	ING GROEP NV	8,008,618	10,723,034	3.84
12,878	INMOBILIARIA URBIS	205,325	335,092	1.50
29,280	INTERMEDIATE CAP	659,054	729,466	4.16
13,001	INVESTEC	444,143	620,387	3.53
172,000	JACCS CO	1,359,329	1,782,968	1.18
513	JAPAN PRIME REALITY	1,566,965	1,543,734	3.72
64,800	JM AB	516,699	1,030,006	2.18
22,300	JOINT CORPORATION ORD SHS	272,873	727,630	0.67
2,709	JULIUS BAER HLDG	193,550	234,854	0.94
17,882	KAUFMAN & BROAD	556,431	974,041	2.11
27,300	KBC GROUP NV	3,061,332	2,928,709	2.24
102,000	KEIYO BANK	532,175	578,192	1.08
122	KENEDIX INC	522,564	530,412	0.30
40,578	KENSINGTON GROUP	487,375	773,026	2.09
72,824	KOOKMIN BANK	1,474,052	5,987,427	0.71
83,000	KOWLOON DEVMT	128,582	138,921	3.46
367,589	LEND LEASE CORP	3,187,834	3,820,671	4.22
26,400	LEOPALACE21	998,854	912,216	0.76
3,012	METROVACESA	190,886	271,901	1.57
63,165	MILANO ASSICURAZIO	360,106	460,770	4.91
266	MILLEA HOLDINGS INC	3,196,166	4,956,305	0.00
340,000	MITSUBISHI ESTATE	3,222,496	7,227,398	0.41
440	MITSUBISHI UFJ FIN GROUP	5,581,513	6,158,422	0.44
278	MIZUHO FINL GB	2,360,813	2,356,489	0.41
14,394	MUENCHENER RUCKVERS AG	2,375,985	1,965,826	2.90

Shares			Cost	Fair Value	Dividend Yield
\$	FOREIGN EQUITY SECURITIES (continued)		\$	\$	%
Financials (continued)					
2,114	NATEXIS BQE POPULAIRE		535,515	486,281	2.70
136,860	NATL AUSTRALIA BK		2,858,442	3,575,073	6.34
23,331	NEXITY EUR5		1,419,378	1,354,977	3.52
220,500	NIKKO CORDIAL CORP		4,070,453	2,823,881	3.42
198,000	NOMURA HOLDINGS		3,426,578	3,715,260	1.49
102,500	NORDEA BANK AB		1,305,297	1,223,719	3.76
402,440	NORDEA BANK AB		1,253,339	4,785,592	3.75
53,365	NORTHERN ROCK		808,282	987,012	3.01
92,000	OGAKI KYORITSU BK		495,742	422,517	1.14
919,600	OLD MUTUAL		3,185,457	2,776,632	3.37
5,400	ORIX CORP		1,634,795	1,320,299	0.32
45,739	PARAGON GRP OF COS		346,968	553,262	2.19
200,000	PEREGRINE INVMNTNT		358,545	0	N/A
129,600	QBE INS GROUP		2,206,011	1,973,869	4.20
74,000	RECRUIT COSMOS CO		568,276	550,881	0.88
46,856	RESOLUTION PLC		427,471	580,639	2.96
36,200	RICOH LEASING		986,657	1,048,174	0.85
4,835	RODAMCO EUROPE		522,031	473,871	4.46
213,090	ROYAL BK SCOT GRP		6,571,439	7,007,465	4.08
19,000	SANYO ELEC CREDIT		376,367	401,391	1.41
41,000	SCHRODERS		851,035	765,899	2.13
62,799	SFE CORPORATION		526,590	769,832	2.65
54,000	SHIGA BANK		330,307	348,143	0.81
251,000	SINGAPORE EXCHANGE		289,552	558,712	2.50
109,600	SKAND ENSKILDA BKN		2,819,766	2,609,361	2.77
35,600	SOC GENERALE		5,352,195	5,234,792	3.91
3,686	SOFINA		297,253	351,126	1.34
169,000	SOMPO JAPAN INS		929,682	2,365,394	0.81
75,460	STANDARD CHARTERED		977,528	1,842,285	2.62
75	SUMITOMO MITSUI GR		826,077	793,859	0.33
189,000	SUMITOMO TRUST & BKG		2,059,842	2,066,658	1.20
3,160	SWISS LIFE HOLDING		456,993	739,053	1.75
43,270	SWISS REINSURANCE		3,883,669	3,018,303	2.93
49,260	SYDBANK		1,111,084	1,633,908	1.55
154,000	TOCHIGI BANK		1,074,419	1,123,527	0.72
4,600	TOPDANMARK ARIN		374,385	641,063	0.00
12,000	UBS AG		1,374,670	1,312,653	2.39
44,000	UFJ NICOS CO LTD		293,915	356,419	0.65
257,775	UNICREDITO ITALIAN		1,455,142	2,017,176	3.59
3,098	VAN LANSCHOT NV		217,479	287,785	3.44
172,000	WHARF (HLDGS)		687,667	611,201	2.90
36,700	WING LUNG BANK		293,900	316,583	4.03
56,000	YAMAGUCHI BANK		781,437	811,232	0.42
14,800	ZURICH FIN SVS GRP		3,533,110	3,237,878	2.61
Total Financials			178,605,248	221,325,505	
Healthcare					
1,663	ACTELION		184,700	167,250	0.00
2,172	ALK ABELLO A/S		291,101	297,108	N/A
121,031	ALLIANCE UNICHEM		1,859,364	2,287,777	N/A
121,800	ASTELLAS PHARMA INC		3,987,652	4,475,003	1.90
16,000	ASTRAZENECA		858,168	965,909	2.15
21,000	ASTRAZENECA PLC		1,012,355	1,256,220	2.20
16,683	BIOMERIEUX ORDSHR		773,536	985,525	1.00
1,019,000	BIOSENSORS INTERNA		665,233	625,055	0.00
21,754	CAMBRIDGE ANTIBODY		281,846	535,127	0.00
58,966	CELESTIO AG		2,032,447	5,358,455	1.90
111,020	CIGNA CORP		11,662,345	10,936,580	0.10
29,914	COCHLEAR LTD		741,177	1,214,130	1.65
18,200	CSL		813,083	726,791	1.32
34,200	DAIICHI SANKYO		875,595	942,396	1.90
62,000	DAINIPPON SUMITOMO		767,539	696,934	0.95
141,900	EISAI CO		2,820,517	6,392,731	2.14
10,970	FRESENIUS AG		1,877,125	1,826,989	1.16
8,000	FUKUDA DENSHI CO		288,887	262,433	2.13
282,860	GLAXOSMITHKLINE		6,967,187	7,905,005	2.98
26,153	IPSEN		680,546	1,056,721	1.90

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
	FOREIGN EQUITY SECURITIES (continued)	\$	\$	%
	Healthcare (continued)			
24,974	MERCK KGAA	2,218,092	2,270,436	1.20
544,000	MOULIN INTERNATIONAL HLDG	428,353	353,702	0.00
2,000	NAKANISHI INC JPY50	187,051	188,427	0.46
46,000	NIPPON SHINYAKU CO	404,463	394,349	1.12
90,000	NOVARTIS AG	5,028,197	4,863,673	1.74
101,800	NOVO NORDISK AS	3,050,319	6,482,743	1.62
3,734	OMEGA PHARMA	251,704	260,687	0.44
4,014	OPG GROEP NV	274,693	349,010	2.50
462,000	OSIM INTERNATIONAL	238,351	449,919	1.04
17,539	PHONAK	747,048	1,094,577	0.65
88,100	RAMSAY HEALTH CARE	625,537	629,012	2.29
24,606	RECORDATI	169,199	179,651	2.42
19,100	ROCHE HOLDINGS AG	2,894,781	3,151,110	1.24
40,000	ROHTO PHARM	0	421,292	0.83
164,531	SANOFI AVENTIS	7,956,967	12,418,991	1.99
17,500	SANTEN PHARM CO	473,669	416,393	2.21
119,800	SHIRE PLC	1,030,601	1,748,236	0.46
143,000	TAKEDA PHARMACEUTICAL CO LTD	5,059,823	8,906,618	1.69
33,000	TSUMURA & CO	631,813	941,084	0.43
	Total Healthcare	71,111,064	94,434,049	
	Industrials			
129,696	ABB LTD	828,157	1,683,401	0.75
8,563	ABENGOA SA	130,786	207,704	0.67
93,354	ACS ACTIVIDADES CO	3,309,063	3,892,560	1.56
51,500	ADECCO SA	1,563,403	3,039,551	1.38
158,514	AGGREKO	703,263	842,158	2.12
33,843	AIR FRANCE KLM	742,671	795,364	1.63
111,000	AIRPORT FACILITIES	642,297	755,439	1.80
38,281	ALINTA LTD	256,426	296,638	4.22
2,921	ANDRITZ AG	280,269	482,703	1.55
50,041	ARRIVA	526,339	552,081	3.32
232,945	ASHTEAD GROUP	612,688	721,663	0.90
108,000	ASK PLANNING CNTR	832,779	741,635	1.27
40,622	ATKINS WS	553,383	625,477	1.92
210,130	ATLAS COPCO AB	1,198,380	5,834,149	2.13
175,700	AUSTAL LIMITED	257,377	390,303	3.01
13,799	AUTOSTTO MI SPA	333,326	282,129	3.75
4,630	BACOU DALLOZ	543,271	551,166	0.97
432,275	BAE SYSTEMS	2,261,037	2,956,204	2.79
3,318	BEKAERT SA	300,514	318,616	3.00
12,230	BIC	717,564	791,277	2.27
5,612	BOLLORE INVMT	534,215	1,047,664	0.25
502,684	BRITISH AIRWAYS	2,908,736	3,186,681	0.00
67,800	BSS GROUP PLC	291,896	396,889	1.58
60,800	BUHRMANN NV	1,128,274	881,593	1.50
87,344	CAPITA GROUP	622,627	745,540	1.52
57,000	CHARLES TAYLOR CON	404,440	405,620	2.60
126,025	CHARTER	660,731	1,879,867	0.00
59,000	CHIYODA CORP	519,074	1,207,716	0.60
21,000	CKD CORPORATION	187,843	326,256	0.90
217,390	COMPAL ELECTRONICS INC	999,153	1,065,211	4.80
26,000	COMSYS HOLDINGS	242,855	321,148	1.06
56,580	CRANE GROUP LTD	571,391	514,942	4.90
156,000	DAIKIN INDUSTRIES	3,946,992	5,417,662	0.55
59,900	DATAMONITOR	416,729	423,210	1.78
88,441	DE LA RUE	780,448	893,943	3.11
33,364	DEUTSCHE LUFTHANSA	565,130	614,317	3.47
174,500	DEUTSCHE POST AG	3,175,553	4,676,687	3.34
36,000	DIAMOND LEASE CO	1,648,484	1,791,891	0.70
92,700	DOWNER GROUP	596,904	512,404	4.19
106	EAST JAPAN RAILWAY	832,966	788,173	1.06
259,000	EASY JET	1,039,689	1,850,267	0.00
25,200	EIFFAGE	1,212,272	2,133,095	1.13
39,400	EMBRAER EMPRESA BRASILEIRA DE	1,311,934	1,436,918	0.70
64,000	FANUC	4,435,611	5,755,325	1.21
2,134	FIN DE L ODET	443,472	804,948	0.04

Shares		Cost	Fair Value	Dividend Yield
	FOREIGN EQUITY SECURITIES (continued)	\$	\$	%
Industrials (continued)				
14,656	FOM CONST Y CONTRA	824,927	1,114,087	2.31
7,800	FUJI MACHINE MFG	184,667	189,004	0.90
29,200	FUTABA CORP	786,873	749,700	1.57
19,100	GARDA WORLD SEC CORP	380,226	377,328	N/A
1,093	GEBERIT	854,270	1,261,634	1.77
15,850	GO AHEAD GROUP	468,697	576,340	2.59
80,300	GROUPE LAPERRIERE & VERREAU	1,899,925	1,732,938	N/A
6,709	GRUPO FERROVIAL SA	432,372	512,134	1.28
17,900	HEIDELBERGER DRUCK	791,227	813,662	1.83
39,172	HELPHIRE GROUP	172,043	278,210	2.53
36,000	HITACHI HIGH TECH	570,789	1,095,919	0.57
172,000	HITACHI TRNSPT SYS	1,832,859	1,731,811	1.39
669,000	HUTCHISON WHAMPOA	3,944,011	6,106,875	2.44
24,910	HYUNDAI ENG & CONST	452,308	1,142,179	2.44
8,590	HYUNDAI MIPO DOCK	432,581	860,177	1.58
27,700	IBJ LEASING CO LTD	719,920	690,592	1.05
14,501	INTERPUMP GROUP	123,420	127,011	2.19
328,700	ITE GROUP	542,919	712,818	2.47
574,000	JAYA HOLDINGS	457,638	486,395	5.60
101,000	KAMIGUMI CO	809,974	767,782	1.09
306,000	KANDENKO CO	2,307,729	2,275,292	1.41
379,000	KAWASAKI HEAVY IND	638,666	1,276,429	1.04
42,000	KITZ CORPORATION	393,672	318,908	1.61
26,000	KOMORI CORPORATION	398,610	553,821	1.07
48,580	KON BAM GROEP NV	523,899	965,295	2.57
301,000	KUBOTA CORP	3,445,694	2,856,887	0.92
139,000	KYODO PRINTING CO	580,812	554,468	1.75
418,000	LABROY MARINE	150,407	356,847	0.89
46,823	LEIGHTON HOLDINGS	507,509	603,557	3.85
7,096	LG MICRON	435,978	321,627	2.33
25,000	MAEDA ROAD CONST	179,013	190,920	1.60
16,000	MAKINO MILLING	184,659	177,614	0.95
39,311	MAN AG	2,292,871	2,846,004	2.38
41,333	MCINERNEY HLDGS	450,421	588,754	2.15
50,000	MEISEI INDUSTRIAL	379,658	270,306	0.49
33,100	METSO OYJ	923,196	1,200,712	2.47
67,400	MITSUBISHI CORP	1,644,117	1,347,234	1.53
214,000	MITSUBISHI ELEC CP	1,881,133	1,716,643	1.09
4,880,000	MMI HLDGS	2,171,847	2,206,469	2.80
45,900	MORGAN SINDALL PLC	616,081	969,494	2.19
35,900	NCC	578,002	867,168	8.91
302,000	NICHIAS CORP	2,149,141	2,060,622	1.41
36,000	NITTO DENKO CORP	2,500,791	2,566,592	0.86
21,800	NORDDEUTSCHE AFFIN	428,985	533,519	5.22
40,600	NORITZ CORP	781,404	736,955	1.35
8,000	OBARA CORP	304,319	403,797	0.52
467,200	PACIFIC BRANDS	817,784	746,278	6.98
50,479	PAGESJAUNES GROUPE	1,262,966	1,584,579	4.15
88,000	PANAHOME CORP	688,583	664,340	1.74
7,694	PIRELLI & CO REAL	431,578	516,787	3.62
179,369	PIRELLI & CO SPA	229,469	156,073	3.09
836,000	PRIME SUCESS INTL	430,288	524,720	1.03
12,300	RAMIRENT OYJ	342,904	487,549	1.94
10,765	RANDSTAD HLDGS NV	460,016	630,972	1.83
1,670	RIETER HLDGS AG	650,580	640,735	2.13
341,270	ROBERTS WALTERS	1,649,237	1,540,118	1.39
569,900	ROLLS ROYCE GROUP	1,669,313	4,363,803	2.10
28,000	RYOBI	179,479	183,948	1.33
107,486	S I G	1,200,810	1,749,447	1.91
52,000	SANYO DENKI CO	261,363	371,640	1.22
92,500	SECOM CO	3,285,600	4,377,597	1.20
127,030	SECURITAS	1,489,776	2,433,576	2.54
761	SGS SA	606,849	720,620	2.67
39,080	SIEMENS AG	2,910,319	3,399,434	1.98
25,000	SINTOKOGIO	346,560	333,290	0.72
2,271	SMIT INTERNATIONAL	199,824	159,710	4.55
167,030	SMITHS GROUP	1,964,429	2,752,570	3.32

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
		\$	\$	%
FOREIGN EQUITY SECURITIES (continued)				
Industrials (continued)				
373,000	SMRT CORPORATION	259,220	264,179	6.25
69,600	SODICK CO	631,295	807,936	1.13
32,073	SPIRAX SARCO ENGR	400,907	538,928	2.62
325,747	STAGECOACH GROUP	672,729	694,364	3.21
3,156	SULZER AG	1,296,375	2,359,915	1.53
16,100	SUMISHO LEASE CO	651,182	894,327	0.79
105,000	SUMITOMO ELEC INDS	1,714,248	1,539,431	0.84
131,000	SUMITOMO HEAVY IND	733,423	1,212,422	0.66
24,000	TAKEUCHI MFG CO	852,499	1,077,024	0.29
82,000	TGS NOPEC GEOPH CO	797,188	1,449,555	0.00
43,000	TRANSCOM WORLDWIDE	277,489	474,564	0.00
120,200	TRANSPACIFIC INDUS NPV	587,046	592,076	1.36
138,921	ULTRA ELECTRONIC	1,899,738	2,487,192	1.64
10,100	UNIVAR NV	268,297	478,477	2.00
76,487	UTD GROUP LTD	450,509	818,294	2.78
830	VALLOUREC (USIN)	1,106,792	997,603	0.00
73,113	VESTAS WIND SYSTEMS	982,884	1,998,976	0.00
14,100	VINCI	1,414,969	1,452,233	2.48
33,830	VOLVO (AB)	595,105	1,662,512	4.73
343,000	WAKACHIKU CONST	721,075	579,093	1.55
19,800	WARTSILA	539,876	835,470	4.55
56,136	WOLSELEY	1,326,541	1,238,648	2.31
128,700	WPP GROUP	1,594,962	1,557,953	1.42
Total Industrials		130,452,748	169,279,673	
Information Technology				
32,600	ADVANTEST	2,769,167	3,325,163	0.60
8,249	ALTEL	281,994	300,606	0.00
110,000	ASM PACIFIC TECH	568,735	536,050	5.28
44,100	ASML HOLDING NV	932,248	893,193	0.00
235,300	AUTONOMY CORP	1,829,155	1,787,581	0.00
196,650	CANON INC	5,545,049	9,650,584	1.60
27,000	CANON MARKETING JA	425,372	557,407	1.27
25,500	CAP GEMINI	1,416,897	1,455,187	1.12
64,800	CAPCOM CO	652,998	777,725	1.46
95,200	CHECK POINT SOFTWARE	1,717,622	1,673,616	0.00
58,224	COMPAL ELECTRONIC	272,698	285,298	4.80
39,820	CSR	346,490	927,979	0.00
52,000	DAINIPPON SCREEN	462,810	476,718	0.95
38,000	DAISHINKU CORP	284,907	218,729	1.22
18,000	DAIWABO INFO SYSTM	295,296	289,726	1.63
8,621	DASSAULT SYSTEMES	408,193	461,874	1.00
91,300	DIPLOMA (NEW)	1,085,601	1,232,707	2.88
1	DOMINO PRINTING SCIENCES	5	5	2.57
9,000	DTS CORPORATION	290,330	333,027	1.42
76,000	EPSON TOYOCOM CORP	663,156	564,440	0.00
610,000	ERICSSON(LM)TEL	1,895,942	2,015,423	1.89
31,000	ESPEC CORP	360,745	444,736	1.34
122,882	ESPRINET	1,632,847	2,281,427	0.76
196,200	FUJITSU	1,553,651	1,522,367	0.68
31,000	FURUNO ELECTRIC CO	325,938	329,756	0.99
32,000	HIROSE ELECTRIC	1,962,562	3,891,003	0.72
332,000	HITACHI	2,484,166	2,195,617	1.46
89,000	HOSIDEN CORP	1,064,645	922,582	1.27
36,000	I O DATA DEVICE INC	466,893	256,974	1.59
14,626	INDRA SISTEMAS SA	297,332	287,069	2.16
234,710	INFINEON TECHNOLOGIES AG	2,591,863	2,613,974	0.00
11,000	KAGA ELECTRONICS	290,877	223,243	1.72
17,800	KEYENCE CORP	1,879,786	4,549,849	0.07
27,900	MABUCHI MOTOR CO	1,692,747	1,669,387	1.36
13,500	MARCH NETWORKS CORP	457,164	286,971	N/A
26,000	MARUBUN CORP	299,220	338,661	1.54
45,800	MURATA MFG CO	2,225,540	2,976,810	1.08
14,062	NEOPOST	1,478,394	1,602,051	3.37
3,600	NESS TECHNOLOGIES INC	37,101	38,700	0.00
1,821	NHN CORP	466,794	633,425	0.00
20,000	NIDEC SANKYO CORP	191,264	246,512	0.71

Shares		Cost	Fair Value	Dividend Yield
	FOREIGN EQUITY SECURITIES (continued)	\$	\$	%
Information Technology (continued)				
13,000	NIHON DEMPA KOGYO	534,355	402,572	0.85
45,000	NIKON CORP	762,426	786,511	0.50
10,900	NINTENDO CO	826,513	1,830,731	0.73
261,951	NOKIA CORP	4,783,637	5,307,127	2.30
265,500	NOKIA OYJ	5,054,380	5,418,125	2.32
28,000	OSAKI ELECTRIC CO	165,824	291,965	1.09
3,700	OTSUKA CORPORATION	368,535	417,531	0.58
40,400	ROHM CO	3,477,934	3,615,379	0.88
70,550	ROTORK	812,411	893,828	2.31
143,678	SAGE GROUP	571,918	613,194	1.30
10,770	SAMSUNG ELECTRONIC	1,557,248	6,845,483	0.91
4,400	SAP AG	967,154	928,300	0.88
2,100	SAP AKTIENGESELLSCHAFT	96,495	110,292	0.90
2,600	SATYAM COMPUTER SERVICES	26,716	86,164	0.90
134,124	SEEK LIMITED	381,352	533,114	0.92
68,100	SHINKO ELEC INDS	762,483	1,977,798	0.36
47,000	SMK CORP	326,519	299,724	1.37
25,300	SOITEC SECURITIES	776,824	748,252	0.00
46,000	STAR MICRONICS CO	425,408	931,549	1.04
20,200	SUMCO CORPOATION	1,107,904	1,152,115	0.61
19,600	TANDBERG TELEVISION	345,232	325,218	0.00
9,500	TDK CORP	835,904	723,002	1.15
36,000	TOA CORP	348,365	314,919	2.00
22,600	TOKYO ELECTRON	1,620,903	1,581,595	0.90
10,000	TOMEN ELECTRONICS	263,693	239,251	1.10
7,686	TOMTOM NV	169,046	298,860	N/A
145,000	TOSHIBA CORP	890,578	947,513	0.94
1,749	UNAXIS HOLDING AG	591,348	485,437	0.00
11,924	UNIT 4 AGGRESSO	259,157	240,134	0.00
42,492	UTD INTERNET AG	305,841	612,326	0.56
18	V TECHNOLOGY	237,186	245,637	0.16
420,000	VTECH HLDGS	1,200,671	2,190,035	6.14
5,614	WINCOR NIXDORF AG	553,815	717,475	2.10
130,661	WOLFSON MICROELECTRONICS PLC	445,555	1,081,447	0.90
Total Information Technology		<u>75,757,524</u>	<u>98,266,755</u>	
Materials				
35,030	ALCAN INC	1,017,023	1,644,308	1.30
163,335	ANTOFAGASTA HLDGS	849,387	1,262,762	2.85
1,063	ARKEMA	0	41,469	N/A
92,900	AUR RES INC	622,934	1,486,935	0.56
25,800	BASF AG	1,010,256	2,071,060	3.19
115,800	BHP BILLITON PLC	2,430,045	2,246,726	1.65
14,708	BOEHLER UDDEHOLM	1,837,086	803,973	4.39
3,786	CEMENTOS PORTLAND	304,669	394,297	2.62
3,423	CIMENTS FRANCAIS	400,678	568,549	1.46
72,762	CORUS GROUP	613,631	614,344	1.64
45,900	CRH	1,630,097	1,491,900	1.53
247,187	CSR LIMITED	634,206	615,219	4.48
64,000	DAICEL CHEM INDS	382,620	523,466	0.86
137,000	DENKI KAGAKU KOGYO	491,624	570,459	1.47
4,832	EMS CHEMIE HLDG AG	537,364	524,617	5.64
137,500	FLETCHER BUILDING	777,672	767,645	3.93
1,405	GIVAUDAN AG	1,107,691	1,103,929	1.83
76,000	GODO STEEL	293,182	454,743	1.17
26,985	HANSON	266,905	327,660	3.05
53,930	HANWHA CHEMICAL	696,482	488,877	4.07
19,959	HERACLES GEN CEM	258,694	375,663	6.45
16,395	HOLCIM	1,051,260	1,254,050	1.76
139,119	IMPERIAL CHEM INDS	770,096	934,026	2.12
57,700	INMET MNG CORP	1,460,236	2,163,555	0.48
17,300	IPSCO INC	1,015,406	1,662,486	0.75
24,407	ITALCEMENTI	380,803	617,294	1.67
71,930	JUBILEE GOLD MINES	447,352	429,126	4.73
10,644	K & S AG	594,572	858,379	2.85
17,800	KEMIRA OY	272,624	292,466	2.80
56,517	KONINKLIJKE DSM NV	2,436,386	2,352,963	3.07

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

Shares		Cost	Fair Value	Dividend Yield
		\$	\$	%
	<b>FOREIGN EQUITY SECURITIES (continued)</b>			
	Materials (continued)			
20,500	LONZA GROUP AG	1,027,216	1,403,204	1.55
188,600	MITSUBISHI GAS CHM	2,337,522	2,164,573	0.76
224,000	MITSUBISHI PAPER	434,303	438,928	0.00
50,000	MITSUBISHI PLASTIC	167,711	164,020	1.33
6,655	MITTAL STEEL	200,361	205,843	1.29
50,000	NIPPON ZEON CO	588,573	595,722	0.75
239,000	NISSHIN STEEL CO	616,208	769,383	1.63
46,000	NOF CORP	287,669	269,606	1.34
584,500	NORTHGATE MINERALS CORP	1,870,250	2,144,668	N/A
77,643	NUFARM	610,076	585,501	2.66
183,330	ONESTEEL	405,847	554,354	3.56
13,900	OSAKA STEEL CO	214,963	254,131	1.15
101,200	POSCO	3,589,623	6,770,280	3.10
123,200	RAUTARUUKKI OY	2,485,783	3,720,850	5.93
9,129	RHI AG	270,625	295,322	0.00
207,900	RINKER GROUP	3,299,724	2,531,587	2.92
35,600	RIO TINTO	1,120,846	1,882,480	1.58
24,800	RIO TINTO PLC	2,399,231	5,200,808	1.50
53,111	SALZGITTER AG	1,193,102	4,507,211	0.75
289,490	SAPPI LTD	3,533,622	3,615,730	2.40
113,000	SHIN ETSU CHEM CO	2,194,229	6,148,449	0.80
112,541	STORA ENSO OYJ	898,158	1,554,509	4.17
131,600	STORA ENSO OYJ	1,292,167	1,837,512	4.12
77,000	SUMITOMO BAKELITE	685,412	723,422	1.40
277,000	SUMITOMO LIGHT MET	658,684	683,322	1.06
282,000	SUMITOMO METAL IND	1,196,446	1,164,362	1.27
27,900	SVENSKA CELLULOSA	1,115,240	1,152,260	3.70
3,507	SYNGENTA AG	393,369	465,214	2.03
98,902	THYSSENKRUPP AG	2,892,594	3,385,361	2.61
39,600	TUBOS REUNIDOS	617,816	606,095	1.59
1,590	UMICORE	231,526	212,251	1.33
139,600	UPM KYMMENE OY	1,520,686	3,007,717	4.45
55,196	VEDANTA RESOURCES	531,135	1,391,456	0.79
82,400	XSTRATA	3,081,910	3,124,260	0.90
51,700	YAMATO KOGYO CO	934,748	1,157,783	1.25
441,489	ZINIFEX	1,545,325	3,286,602	1.40
	Total Materials	<u>71,033,681</u>	<u>96,917,722</u>	
	Private Placement			
102,528	ASPREVA PHARMACEUTICALS CORP	3,097,826	2,782,610	N/A
21,000	ALIMENTATION COUCHE TARD INC	421,761	473,024	0.41
106,217	ALLIANCE BOOTS PLC	1,687,268	1,511,711	3.91
93,432	AMPLIFON	637,775	795,052	0.45
242,890	BCO SANT CENT HISP	2,100,322	3,522,020	3.20
16,221	ENDEMOL	171,355	272,122	0.61
3,641	EVS BROADCAST EQUITY	181,547	179,705	2.33
13,000	HITACHI SYSTEM & SERVICES	325,379	291,125	1.37
7,125	KUEHNE & NAGEL AG	335,490	517,653	1.24
46,668	KUNGSLLEDEN	486,757	547,439	4.34
5,664	MACINTOSH RETAIL	142,206	188,878	2.30
24,752	OPTION NV	460,447	593,421	N/A
21,400	ORIFLAME COSMETICS	586,810	711,506	N/A
23,600	Q MED AB	153,341	307,964	0.80
195,459	RESTAURANT GROUP	533,771	732,964	2.37
16,900	SAVANNA ENERGY SVCS CORP	236,018	347,543	N/A
223,530	SAVILLS	2,381,159	2,408,229	2.06
1,800	SCHULTHESS GROUP	830,379	859,592	1.37
77	SO NET M3 INC	272,191	334,094	0.00
60,300	SSAB (SVENSKT STAL)	476,968	1,201,237	2.09
4,448	WACKER CHEMIE AG	430,122	478,598	1.90
	Total Private Placement	<u>15,948,892</u>	<u>19,056,487</u>	
	Rights and Warrants			
120,482	AXA SA	0	101,676	
750	ORIFLAME COSMETICS	0	807	
	Total Rights and Warrants	<u>0</u>	<u>102,483</u>	

Shares		Cost	Fair Value	Dividend Yield
		\$	\$	%
	<b>FOREIGN EQUITY SECURITIES (continued)</b>			
	Telecommunication Services			
59,800	CHUNGHWA TELECOM CO LTD	841,667	1,104,506	7.80
23,400	GOLDEN TELECOM INC	701,980	593,190	3.20
74,000	KT CORP	1,959,579	1,587,300	5.10
110,800	TELE NORTE LESTE PARTICIPACOES	1,589,130	1,412,700	7.20
98,128	TELEFONICA SA	3,028,103	4,880,887	3.20
131,000	TELEFONOS DE MEXICO SA	1,062,073	2,728,730	3.40
116,600	BCE INC	2,372,055	2,765,856	4.34
35,100	BOUYGUES	1,870,905	1,804,200	2.24
327,900	BT GROUP	1,297,047	1,450,974	4.97
1,422,000	CHINA MOBILE LTD	5,271,877	8,128,853	2.30
4,268,000	CHINA TELECOM CORP	1,667,496	1,373,761	3.00
51,500	DEUTSCHE TELEKOM	905,863	828,399	5.72
193,450	FRANCE TELECOM	4,994,854	4,158,034	7.14
3,313	ILIAD	280,864	277,045	0.31
71	JSAT CORP JPY50000	203,590	205,581	1.81
304	KDDI CORP	1,587,587	1,869,501	1.28
4,138	MOBISTAR	345,414	328,310	2.90
910	NIPPON TEL & TEL CP	5,613,326	4,465,818	1.43
3,040	NTT DOCOMO	4,147,253	4,467,655	2.38
222,420	PORTUGAL TCOM SGPS	1,624,323	2,684,710	5.03
166,600	TELEFONICA SA	2,634,902	2,773,560	1.63
194,180	TELENOR A SA	1,590,741	2,348,222	2.66
265,900	TELSTRA CORP	745,689	726,985	9.24
66,390	VIRGIN MOBILE HOLD	296,648	455,557	0.00
3,053,520	VODAFONE GROUP	6,941,886	6,508,903	5.29
	Total Telecommunication Services	53,574,852	59,929,237	
	Utilities			
522,142	AEM SPA	1,199,959	1,212,428	3.30
11,462	AGUAS DE BARCELONA	303,222	318,472	1.70
16,654	AWG	358,536	369,013	4.24
4,224	BKW ENERGIE AG	262,214	368,264	2.34
1,075,000	CLP HOLDINGS	4,148,342	6,290,556	5.04
64,680	E ON AG	5,219,142	7,444,930	3.05
10,772	ENAGAS SA	177,317	229,744	2.04
3,059,100	HONGKONG & CHINA GAS	3,189,429	6,715,290	2.05
100,780	IBERDROLA SA	731,204	3,470,262	2.79
804,030	INTERNATIONAL POWER	4,357,792	4,230,782	1.58
3,900	OKINAWA ELEC POWER	227,998	233,355	0.88
17,473	RED ELECTRICA DE ESPANA	440,808	603,006	2.30
14,148	SOLARWORLD AG	238,403	887,693	0.25
106,530	SUEZ	1,941,173	4,426,973	3.08
144,716	T.E.R.N.A	361,212	385,811	5.76
109,000	TOHO GAS CO	392,466	475,799	1.40
29,000	TOKYO ELEC POWER	758,650	801,645	1.90
33,117	UNION FENOSA	1,153,398	1,281,361	2.13
54,111	VIRIDIAN GROUP	853,779	957,268	3.86
	Total Utilities	26,315,044	40,702,652	
	<b>TOTAL FOREIGN EQUITY SECURITIES</b>	<b>864,541,496</b>	<b>1,113,268,102</b>	
	<b>TOTAL EQUITY</b>	<b>5,454,643,838</b>	<b>6,483,449,468</b>	
	<b>HEDGE FUNDS</b>			
	GROSVENOR CAPITAL MANAGEMENT LP	100,000,000	102,025,500	
	IVY ASSET MANAGEMENT	98,500,000	109,984,283	
	MESIROW PLAN EQUITY FUND LP	100,000,000	103,732,200	
	ROCK CREEK GROUP	100,000,000	100,720,200	
	<b>TOTAL HEDGE FUNDS</b>	<b>398,500,000</b>	<b>416,462,183</b>	
	<b>REAL ESTATE</b>			
	APOLLO REAL ESTATE FUND III	16,554,191	24,330,337	
	APOLLO REAL ESTATE FUND IV	11,500,770	11,789,900	
	ASLAN REALTY PARTNERS LP	1	801,166	
	CANYON JOHNSON URBAN FUND	1,360,603	760,924	
	CB RICHARD ELLIS INVESTORS	32,835,205	32,835,205	

**PORTFOLIO OF  
INVESTMENTS**

JUNE 30, 2006 (CONTINUED)

	Cost	Fair Value
	\$	%
<b>REAL ESTATE (continued)</b>		
COMMONWEALTH REALTY ADVISORS	4,744,852	4,906,518
DLJ REAL ESTATE CAPITAL II LP	14,158,332	14,747,805
DREYFUS CASH MANAGEMENT PLUS	538	538
ING CLARION PARTNERS	55,100,000	55,100,000
JP MORGAN STRATEGIC PROPERTY FUND	274,267,674	323,716,243
KOLL BREN FUND VI	35,976,085	38,176,085
LF STRATEGIC REALTY INVESTORS II	29,802,298	26,991,522
MGA DEVELOPMENT ASSOCIATES LP	1,033,230	11,182,705
MULTI-EMPLOYER PROPERTY TRUST	25,013,896	39,027,704
OLYMPUS REAL ESTATE FUND II	25,247,900	13,504,084
PREMIER PARTNERS V LP	32,869,745	36,550,601
PRUDENTIAL PRISA I	156,846,538	196,093,464
REALTY ASSOCIATES FUND V	43,408,127	51,923,487
RREEF AMERICA II REIT	171,903,798	195,294,020
RREEF REAL ESTATE VENTURE CAPITAL FUND	3,647,254	246,737
RREEF VALUE ADDED FUND LP	455,970	613,980
WALTON STREET REAL ESTATE III	10,200,419	21,108,053
WALTON STREET REAL ESTATE IV	23,295,148	34,324,076
<b>TOTAL REAL ESTATE</b>	<b>970,222,574</b>	<b>1,134,025,154</b>
<b>PRIVATE EQUITY</b>		
ABS CAPITAL PARTNERS IV LP	11,301,435	13,445,231
BCI GROWTH IV	8,898,367	5,398,429
BEAR STEARNS MERCHANT BANKING II TR	10,226,137	10,427,640
BEHRMAN CAPITAL III LP	12,052,525	12,238,003
BLACKSTONE MEZZANINE PARTNERS	6,718,026	5,711,044
BOSTON MILLENNIA II	7,491,710	4,553,307
CORNERSTONE EQUITY INVESTORS IV	5,853,061	1,837,534
DLJ INVESTMENT PARTNERS II	3,986,531	3,332,123
DLJ MERCHANT BANKING PARTNERS III	8,812,885	15,340,779
FRONTENAC VI LP	5,412,841	698,106
FRONTENAC VII LP	5,307,045	310,482
GOLDER THOMA CRESSEY RAUNER IV	2,924,940	43,599
GOLDER THOMA CRESSEY RAUNER V	2,941,455	3,468,308
GTCR FUND VI	27,307,212	10,234,685
GTCR FUND VII A LP	3,273,640	7,422,028
GTCR FUND VII LP	20,379,897	27,643,422
HOPEWELL VENTURES LP	3,500,000	1,386,016
INROADS CAPITAL PARTNERS FUND II LP	6,372,972	1,104,417
INTERWEST PARTNERS VI LP	5,326,219	751,447
INTERWEST PARTNERS VII LP	17,317,276	10,505,468
INTERWEST PARTNERS VIII LP	15,791,626	10,637,478
INVESCO VENTURE PARTNERSHIP FUND II	22,365,096	14,891,947
JK & B CAPITAL IV LP	5,780,084	4,765,027
KOHLBERG KRAVIS ROBERTS & CO.	66,786,504	14,061,945
LIGHTSPEED VENTURE PARTNERS VI	14,968,518	12,351,502
MADISON DEARBORN CAPITAL PARTNERS II	5,115,727	3,448,999
MADISON DEARBORN CAPITAL PARTNERS III	15,754,244	15,840,915
MADISON DEARBORN CAPITAL PARTNERS IV	23,504,023	25,704,940
MDCP III GLOBAL INVESTMENTS LP	884,316	575,242
MDCP IV GLOBAL INVESTMENTS LP	2,719,725	11,019,336
MESIROW CAPITAL PARTNERS VII	9,086,810	1,000,582
OCM OPPORTUNITIES FUND III LP	63,045	3,197,017
OCM OPPORTUNITIES FUND IV LP	1	1,870,299
PENMAN PRIVATE EQUITY & MEZZANINE FUND	2,919,487	1,309,564
RELIANT EQUITY PARTNERS	6,164,125	4,696,517
RESOLUTE FUND LP	13,170,823	15,540,161
SCP PRIVATE EQUITY PARTNERS II	12,276,509	8,772,703
SPROUT CAPITAL IX LP	9,279,389	7,369,793
SUMMIT ACCELERATOR FUND	2,121,257	993,545
SUMMIT PARTNERS PRIVATE EQUITY FUND VII A	1,366,875	1,280,100
SUMMIT VENTURES IV LP	2,543,789	194,080
SUMMIT VENTURES V LP	6,475,898	2,602,383
SUMMIT VENTURES VI A LP	17,646,574	17,334,064
TCW SHARED OPPORTUNITY FUND IV	11,934,667	12,954,419
TCW SHARED OPPORTUNITY FUND V	5,227,493	5,248,907

	Cost	Fair Value
<b>PRIVATE EQUITY (continued)</b>		\$      \$
THOMAS H. LEE EQUITY FUND V	21,965,881	36,928,516
TL VENTURES V LP	11,814,357	5,489,203
WARBURG PINCUS EQUITY PARTNERS	10,415,420	7,318,577
WARBURG PINCUS PRIVATE EQUITY VIII	28,686,296	40,227,686
WARBURG PINCUS PRIVATE EQUITY IX	8,560,285	8,695,154
WARBURG PINCUS VENTURE LP	7,957,919	3,819,360
WEISS PECK & GREER VENTURE IV	8,549,717	3,869,919
WEISS PECK & GREER VENTURE V	24,993,658	8,632,483
WELSH CARSON ANDERSON & STOWE IX	17,476,529	22,322,081
WIND POINT PARTNERS V	11,395,455	11,447,524
<b>TOTAL PRIVATE EQUITY</b>	<b>601,166,296</b>	<b>482,264,036</b>
<b>MONEY MARKET</b>		
CANADA (GOVT OF)	538,714	544,005
DEUTSCHE BK AG	1,000,000	994,800
DEXIA CREDIT LOCAL S.A.	4,747,212	4,749,525
FEDERAL NATL MTG ASSN DISC NTS	589,005	592,591
GOLDMAN SACHS REPO	51,700,000	51,700,000
HSBC BK USA INSTL	1,325,000	1,303,297
RANGER FDG CO LLC	1,992,933	1,992,933
STATE STREET BANK & TRUST CO	229,536,090	229,536,090
SUNTRUST BK ATLANTA GA	700,000	676,191
UNITED STATES TREAS BILLS	27,182,471	27,266,146
UNITED STATES TREAS BILLS	1,283,261	1,285,974
<b>TOTAL MONEY MARKET</b>	<b>320,594,686</b>	<b>320,641,552</b>
<b>FORWARDS</b>		
FORWARD FOREIGN CURRENCY CONTRACTS	0	26,145
<b>TOTAL FORWARDS</b>	<b>0</b>	<b>26,145</b>
<b>TOTAL INVESTMENTS</b>	<b>10,413,557,800</b>	<b>11,434,818,360</b>
<b>OTHER ASSETS, LESS LIABILITIES</b>		
CASH	80,483,231	80,644,137
RECEIVABLES:		
FOREIGN TAXES	775,140	775,140
ACCOUNT RECEIVABLE	757,957	757,957
INVESTMENTS SOLD	146,087,294	146,174,012
INTEREST & DIVIDENDS	36,905,936	36,821,984
PREPAID EXPENSES	18,984	18,984
CAPITAL ASSETS	45,348	45,348
PAYABLES:		
INVESTMENTS PURCHASED	(376,778,194)	(376,678,007)
OPERATING EXPENSES	(6,893,061)	(6,893,061)
<b>TOTAL OTHER ASSETS LESS LIABILITIES</b>	<b>(118,597,365)</b>	<b>(118,333,506)</b>
<b>NET ASSETS</b>	<b>10,294,960,434</b>	<b>11,316,484,854</b>

**PORTFOLIO  
DATA**

JUNE 30, 2006 AND 2005

**Fixed Income Portfolio\* (Unaudited)**

**2006**

**2005**

Average Duration	3.8 years	3.9 years
Average Coupon	5.7%	5.3%
Average Quality	AA	AA

**Quality Analysis**

	%	%
Government & Agency	42.8	39.5
AAA	13.1	7.4
AA	5.7	4.9
A	6.4	5.9
BAA	5.5	6.5
BA	9.6	6.0
B	11.3	9.6
CAA or lower	0.6	0.2
Not Rated	5.0	20.0

**Industry Diversification**

	%	%
Government & Agency	43.4	40.2
Foreign	4.1	6.3
Bank & Finance	20.0	16.6
Collateralized Mortgage Obligations	5.9	2.9
Industrials**	22.7	33.9
Miscellaneous	3.9	0.1

\*Data does not include commingled bond funds and short trades.

\*\*Public Utilities and Industrials sectors have been combined for reporting purposes.

**PORTFOLIO  
DATA**

FISCAL YEAR ENDED JUNE 30, 2006

**Domestic Equity Portfolio\* (Unaudited)**

<b>Five Largest Industry Positions</b>	<b>Percent of Equities Held</b>	<b>S&amp;P 500</b>
Financials	22.5	21.5
Industrials	15.2	11.2
Consumer Discretionary	14.5	12.1
Information Technology	14.0	14.9
Healthcare	10.2	12.2
<b>Fifteen Largest Holdings</b>	<b>Percent of Equities Held</b>	<b>(\\$ in thousands) Fair Value</b>
Citigroup	1.5	78,478
Bank of America Corporation	1.3	71,366
Exxon Mobil Corp	1.2	64,664
JP Morgan Chase	1.1	61,611
ConocoPhillips	1.0	55,651
Chevron Oil	0.9	50,004
General Electric Company	0.9	49,684
Microsoft Corporation	0.9	49,280
Countrywide Financial Corporation	0.9	47,405
Pfizer Inc.	0.9	47,327
Altria Group Inc.	0.9	46,901
Kerr McGee Corporation	0.8	44,868
AT&T Inc.	0.8	40,771
Hewlett Packard Company	0.7	38,811
International Business Machines	0.7	37,088
<b>Major Purchases</b>	<b>(\\$ in thousands) Amount</b>	
Bank America Corp.	\$ 59,558	
Citigroup Inc.	51,921	
Pfizer Inc.	50,851	
Exxon Mobil Corp.	45,534	
J.P. Morgan Chase and Co.	44,116	
International Business Machines	43,708	
ConocoPhillips	37,631	
Wachovia Corp.	30,514	
<b>Major Sales</b>	<b>(\\$ in thousands) Amount</b>	
Exxon Mobil Corp.	\$ 72,241	
Citigroup Inc.	67,357	
Bank America Corp.	60,426	
General Electric Corp.	52,301	
Altria Group Inc.	41,950	
J.P. Morgan Chase and Co.	39,045	
International Business Machines	38,519	
Pfizer Inc.	36,998	

\* Data does not include commingled equity funds.

**INVESTMENT TRANSACTIONS  
WITH BROKERS AND DEALERS**

FISCAL YEAR ENDED JUNE 30, 2006

<b>Transactions Executed on a Net Basis* (Unaudited)</b>	<b>Transaction Value</b>
<b>Fixed Income Securities</b>	<b>\$</b>
ABN Amro Securities Inc.	124,883
Amherst Securities Corp.	4,536,014
Bank of America Securities Inc.	754,960,111
Barclays Bank PLC	448,661,552
BB&T Capital Markets	2,761,261
Bear, Stearns Securities Corp.	102,457,820
Blaylock	276,997,282
BNP Paribas Securities	24,327,772
BNY Capital	19,575,933
Cabrera Capital Markets	60,055,719
Cantor Fitzgerald	79,179,623
CIBC World Markets Corp.	1,632,990
Citigroup	403,889,908
Countrywide Securities	80,839,260
Credit Suisse First Boston Corp.	599,373,859
Danske Bank	101,802,482
Deutsche Banc Securities Inc.	248,807,057
First Albany Capital Inc.	811,000
First Tennessee	22,887,889
FNT Securities	6,700,854
Goldman Sachs & Co.	2,096,503,206
Greenwich Capital Markets Inc.	207,554,407
Guzman & Co.	8,140,691
HSBC	177,777,855
Hutchinson	1,157,292
J.P. Morgan Securities Inc.	209,291,701
Jefferies	9,803,646
JM Lummis	19,150,064
KBC Financial Products	14,039,268
Legg Mason	33,752,171
Lehman Brothers	2,790,014,299
Libertas Partners LLC	190,910
Loop Capital Markets	3,066,220,551
McDonald Investments	1,588,079
Merrill Lynch, Pierce, Fenner & Smith Inc.	206,273,224
Miller Tabak Roberts	3,212,595
Mishler	3,329,960

**INVESTMENT TRANSACTIONS  
WITH BROKERS AND DEALERS**

FISCAL YEAR ENDED JUNE 30, 2006

<b>Transactions Executed on a Net Basis* (Unaudited)</b>	<b>Transaction Value</b>
<b>Fixed Income Securities (continued)</b>	\$
Montrrose Securities	264,309,314
Morgan Stanley & Co. Inc.	561,404,368
Nomura	11,858,572
Piper Jaffray Companies	321,875
Pryor, Doley Securities	683,450,075
R.W. Presrich & Co. Inc.	491,000
Ramirez & Co.	20,405,841
RBC Capital Markets	538,714
RBC Dain Rauscher	9,287,362
RBC Dominion	10,160,752
Salomon Smith Barney	3,509,546
Samco	230,280
Santander Investments	21,111,516
Scotia Capital	1,124,111
SG Americas	1,062,982
SG Cowen and Company	1,788,920
Siebert Capital Markets	16,171,321
Spear Leeds and Kellogg	1,297,985
Toronto Dominion Bank	2,717,598
Toussaint Capital Partners	419,471
Troika Dialog USA	348,722
UBS	371,606,070
United Capital Markets Inc.	135,001
Utendahl Capital	163,012,233
Wachovia Securities	37,400,299
Washington Mutual Bank	21,231,860
Williams Capital	27,829,526

\* Commissions, if any, on these transactions are not separately reflected in the net sales price quoted by brokers and dealers.

**INVESTMENT TRANSACTIONS  
WITH BROKERS AND DEALERS**

FISCAL YEAR ENDED JUNE 30, 2006

**Commissions Paid (Unaudited)**

**Amount**

<b>Equity Securities</b>	\$
A.G. Edwards	7,084
Acento Securities	77,035
Allen & Co.	7,682
Archipelago	39,402
Bank of America Securities Inc.	28,071
Bank of New York	59,971
Bear, Stearns Securities Corp.	63,000
Berean Capital Inc.	72,648
Blair, William & Co.	45,580
Bloomberg Tradebook	23,193
BNY Brokerage	27,371
BNY ESI & Co.	15,149
BOE Securities	6,923
Cabrera Capital Management	105,779
Cantor Fitzgerald & Co.	41,521
Capital Institutional Services Inc.	8,037
Capital Management Group	12,830
Cheevers & Company	40,793
CIBC World Markets Corp.	13,526
Citigroup Inc.	39,678
CJS Securities	13,530
Cowen & Company	6,455
Credit Suisse First Boston Corp.	50,964
Dain Raucher	8,991
Deutsche Banc Securities Inc.	15,719
First Albany	11,744
First Honolulu	83,901
Flagstone	9,656
Fox-Pitt Kelton, Inc.	9,949
Friedman Billings and Ramsey & Co. Inc.	9,800
Garban International	5,872
Gardner Rich & Co.	81,672
Goldman Sachs & Co.	25,165
Guzman & Co.	18,853
Instinet	12,262
Investment Technology Group	92,797
J.P. Morgan Securities Inc.	20,064
Janney Montgomery Scott	6,250
Jefferies & Company	33,692
Jones & Associates	38,150
Keefe, Bruyette & Woods, Inc.	11,565
Legg Mason Wood Walker Inc.	15,984
Lehman Brothers Inc.	90,077
Liquidnet Inc.	142,311
Loop Capital Markets	139,807
Lynch Jones & Ryan	20,939
M. Ramsey King Securities	14,382
Magna Securities	20,910
McDonald Investments	5,554
Melvin Securities Corp.	161,026
Merrill Lynch Pierce Fenner & Smith	43,833

**INVESTMENT TRANSACTIONS  
WITH BROKERS AND DEALERS**

FISCAL YEAR ENDED JUNE 30, 2006

<b>Commissions Paid (Unaudited)</b>	<b>Amount</b>
<b>Equity Securities (continued)</b>	<b>\$</b>
Midwest Research Securities	11,605
Morgan Stanley & Co.	78,763
MR Beal	62,769
Muriel Siebert	5,009
Nutmeg Securities	40,006
Oppenheimer	14,882
Pacific American	13,190
Prudential Securities	14,896
Ramirez & Co.	12,296
Raymond James & Assoc.	10,764
Robert W. Baird	51,009
Robinson Humphery	5,897
Salomon Smith Barney	12,523
Sanford C. Bernstein	42,907
Saxony	7,426
SBK Brooks	17,759
SG Cowen Securities	9,799
Smith Barney	5,012
State Street Bank	7,583
Stephen Inc.	7,133
Susquehanna Capital	12,579
Thomas Weisel Partners LLC	8,613
Thompson Davis	7,553
U.S. Bancorp Piper Jaffray	13,677
UBS Warburg Dillon Read	37,153
Wachovia Securities	8,919
Wedbush Morgan	13,925
Weeden & Co.	21,840
Wheat First Securities	5,476
Williams Capital Group	101,521
Various (Under \$5,000)	157,980
	<u><u>2,777,611</u></u>

## STAFF AND INVESTMENT MANAGERS

### EXECUTIVE DIRECTOR

William R. Atwood

### DEPUTY EXECUTIVE DIRECTOR

Katherine A. Spinato

### INVESTMENT STAFF

Scott Richards

*Senior Portfolio Manager  
Public Markets*

Joy S. Winterfield

*Portfolio Manager  
Real Estate & Private Equity*

Kym M. Hubbard

*Portfolio Manager  
Emerging Managers*

Emily A. Reid

*Investment Compliance Officer*

### ADMINISTRATIVE STAFF

Alise M. White

*Chief Fiscal Officer*

John Gullo

*Accountant*

Mary Jane Muscari

*Administrative Assistant*

Alejandra Garcia

*Private Secretary*

Cecelia McNair

*Secretary/Receptionist*



*Seated Left to Right:* Katherine A. Spinato, William R. Atwood, Cecelia McNair.

*Standing Left to Right:* Kym M. Hubbard, Alise M. White, Mary Jane Muscari, Scott Richards, Alejandra Garcia, Emily A. Reid, John Gullo. *Missing from photo:* Joy S. Winterfield.

### EXTERNAL INVESTMENT MANAGERS

#### Domestic Equities

Amalgamated Bank of New York  
Ariel Capital Management  
Atlanta Life Investment Advisors  
Ativo Capital Management  
Brandywine Asset Management  
Buford, Dixon, Harper & Sparrow  
Channing Capital Management  
Decatur Capital Management  
Earnest Partners  
Goldman Sachs Asset Management  
High Pointe Capital Management  
Howland & Associates  
IronBridge Capital Management  
LSV Asset Management  
Lynmar Capital  
Martingale Asset Management  
New Amsterdam Partners  
NWQ Investment Management  
Opus Capital Management  
Profit Investment Management  
RhumbLine Advisors  
Segall Bryant & Hamill  
State Street Global Advisors  
Trust Fund Advisors  
William Blair & Company

#### International Equities

The Boston Company  
GlobeFlex Capital  
Templeton Investment Counsel  
UBS Asset Management  
State Street Global Advisors

#### Hedge Fund of Funds

Grosvenor Capital Management  
IVY Asset Management  
Mesirow Financial  
Rock Creek Group

#### Fixed Income

AFL-CIO  
Amalgamated Bank of New York  
Blackrock Financial Management  
Chicago Equity Partners  
Fort Washington Investment Advisors  
Harris Investment Management  
LM Capital Group  
State Street Global Advisors  
Union Labor Life Insurance Company  
Western Asset Management